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HARMONY VS. DISCORD.

PRICE 25 CENTS.

Harmony vs. Discord

...THE...

Theory of Human Progress

...AND...

The Solution of the Present Problem.



BY JOHN J. DAILY.

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HB 113

To the Memory of Rev. Edward McGlynn.

So soon as people try honestly to see all they can of anything, they come to the point where a noble dimness begins. They see more than others; but the consequence of their seeing more is, that they feel they cannot see at all; and the more intense their perception, the more the crowd of things which they partly see will multiply upon them.—Ruskin.

PREFACE.

This work is the outgrowth of a long-felt desire to do something towards dispelling the confusion of thought regarding political and social relations, which it is clear arises from the failure to grasp first principles. The original intention was only to place the theories enunciated by Henry George in "Progress and Poverty," in a condensed form. But in the course of a careful study of his theory of interest, which I had been unable to harmonize with first perceptions and logical deductions, I discovered its erroneous character. This led to a more independent investigation and closer study of his theories. I saw that the law of interest as he expressed it, not only does not agree with natural perceptions, but is erroneous, an incongruity in his philosophy and the molehill magnified to the size of a mountain that hides its real greatness and efficiency from many. And to his failure to perceive the true law of interest, is largely due his faulty conception of the reason for the unstable equilibrium of supply and demand, and the cause of commercial depressions.

But perceiving the indifference with which people have from disappointment come to view proposed reforms and the general belief that social advance or retrogression is entirely within the power of man to control, I was impressed with the possible hopelessness of any effort to better the condition of man. This led to a deeper study, and to the discovery that human progress has been one continual advance, and that the forces that compel advancement increase with advancement. I saw that what man had gained during his

existence upon this earth was knowledge and power—the ground work for a future social state—and that conditions were not growing worse, from a reformer's standpoint, but better. I realized that, though social advance depended more on individual effort as we advanced, the dependency of individual happiness on individual effort increased much faster.

I, then, decided to clear away the doubts and fears regarding social advance, before entering upon the main purpose of the work.

The first part of this book, which might be considered as preparatory to the second, makes clear that social advance has been continuous; that harmony reigns in the efforts and relations of men, no less than in all the material universe; that all real advantages gained have never been lost, and that the growth and decline of what we call civilizations, are only the alternating play of the balancing forces of social life. Then, following the growth of the present civilization, we see how the pressure evolved compelled us to make one advance after another; and how the advances in knowledge and power, which are capable of great elevation, are counter-balanced by forces that threaten the dissolution of society and deprive us of the greater part of their advantages. We see that these evil forces, ever growing, are what compels us to advance; that suffering is only the penalty of either wrong effort or no effort at all.

Then taking up the economic problem and reducing it to the simplest form in which it presents itself to our minds, that of the lack of equilibrium between supply and demand. The cause of this condition is clearly explained. It points merrily to the remedy—the taxation of land values. Then, examining the nature of the value of land, we see its effectiveness. Turning to a consideration of the laws of distribution, we see that the single tax will effectually abolish interest as a division of wealth and make two divisions of the aggregate product, namely, rent and wages; the first being absorbed by taxation of land values, going to meet the expenses of government, supplying social necessities and common

needs; the latter going to each in the proportion that each contributes, through the operation of the law of supply and demand.

Taking up the question of public utilities, we see that this is a question which, though it now offers almost insurmountable difficulties and no solution, after the great economic problem is settled, its solution will follow as a natural sequence. The final chapter shows the true welfare of the individual, and its complete harmony with the welfare of society.

This work, though principally intended to clear away the incongruities of error that becloud a great truth, is nevertheless a clear and complete, though brief, exposition of that truth. It contains the germ of a philosophy which I have dared hope, with the aid and encouragement this effort might bring, to do something towards developing. I present it to the thoughtful consideration of my fellow-man, confident that as a result of several months' intense effort, it contains thought, though perhaps poorly expressed, for which the world hungers.

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CHAPTER I.

WHY WE DO NOT SEE THE HARMONY OF SOCIAL RELATIONS.

Discord is harmony unrecognized.—Pope.

Harmony is a condition of order and agreement in the relation of things in forming a whole or in the accomplishment of an end. It expresses the idea of orderly arrangement, of concerted action, of the perfect adaption of parts to a whole or to an end.

Discord expresses the opposite idea; of conflict in action, of the want of any system in arrangement, of disconcert, and it presupposes no end or object. What may seem discordant when we do not understand the object of the arrangement or its system or movement, when we come to understand the design, or the object of the arrangement, we recognize the harmony and adaption of parts or movements.

During severe storms when the elements are most violent, when the rain is driven in sheets and the wind seems in a fury, if there is anything at any time in a discordant state, it is then and there. Yet we are taught that it is but a movement of the elements, a change in their combinations and relative positions in obedience to a law; that the earth as it moves through space occupies various positions in regard to other bodies, which causes variations in the arrangement of her elements, particularly noticeable in her atmosphere. Thus, what has seemed to former generations and to many even now in the fury of the elements, as is often said, the utmost confusion, is, when we come to view it in its broader relations, only an orderly movement of the elements in obedience to an external force.

The result of all observations and discoveries is the confirmation of the belief in the orderly and harmonious arrangement and movement of the universe and the various parts

into which, for classification and analyzation, we mentally divide it. What, when first observed, very often seemed a striking exception to this uniform order, when viewed in its more extended relations, has invariably been found to belong to the harmonious arrangement of things. The knowledge of the relations of the material universe has become so perfected by the successive delving of man for ages, though all is not understood, it is universally agreed that the movements and relations of matter are uniform and orderly, and all is and moves in harmony, and discord is only in seeming because of our failure to comprehend more extended relations. And can we not safely infer from this, that in the world of mind there is, also, an order, an harmonious movement, and that discord, the seeming want of order, arises from our failure to comprehend more extended relations, or the purpose or intent?

To many, I believe the vast majority today, it seems that there is no order in their relations and movements; it seems that they are tossed hither and thither, as if by an angry sea. This would infer no object in human existence as a whole, or various and conflicting objects. It might infer an object to individual existence, but not the orderly and harmonious relation between individuals which, from what we know of the relations of things of lower order, we may safely infer exists. But more than this, before mankind had had any knowledge of the harmonious relations of the material universe, of which his physical being is a part, and perhaps from the origin of man, the co-operative and harmonious relations of mankind have in some degree been recognized. Though this has often been forgotten or ignored, the effects of these lapses have always been to compel the re-recognition of the fact.

That there is a like order and arrangement in the relations of mankind as is recognized in the world of matter, seems not to have been thought of, or at least, to my knowledge, no one has ever yet attempted to trace out the order of such relations. Yet, since in all the material world we are cognizant of harmony and order, can we believe that in man, in which the material is linked with the spiritual, harmony, order and agreement of relations, ends?

Would this not be a destruction of all the harmony that underlies it? Order and harmony cannot end in disorder and discord, nor disorder and discord result in order and harmony, any more than a continuation of right angles can ever produce a triangle. Is it not, as in the material world, what

at first seems an exception to the universal order, when viewed in its more extensive relations is seen to harmonize perfectly? Is it not that in the relations of mankind (social relations) we do not see the harmony and agreement because we do not comprehend the object of social life?

In Astronomy, before the acceptance of the Copernican theory, when speculation as to the movements of the heavenly bodies was very unsatisfactory, this failure of explanation was due to the failure to comprehend that the earth was round and in rapid motion. It was at that time incomprehensible that the earth, instead of being the hub of the universe, as it were, about which all other bodies moved in attendance, was a mere attendant and insignificant in size.

So it is today in social relations. In the various social adjustments we recognize no order or continuous movement, because we fail to comprehend any other object in social life than the satisfaction of human desire. Like the astronomers of old who believed that the earth was the center of all things, we have supposed that because desire is the impelling force in all human effort and its satisfaction the end, the only object of social life is the greatest satisfaction of desire or the satisfaction of desire with the least effort. Though we have recognized the growth of desire with the ability to satisfy it, we have, in a large measure, failed to note that this growth is due to conditions that are beyond the control of man. Though the satisfaction of desire is the object of all human effort, it is not the object of human existence, but merely a means by which that object is to be attained; therefore it could not be the object of social adjustments.

From the failure to perceive this have arisen the many speculations regarding previous social adjustments and what are called civilizations, which resulted in the conclusion that human progress may advance and then recede, and in much confusion in that branch of social science—Political Economy, which it is the purpose of this work to, in some degree, dispel.

CHAPTER II.

THE OBJECT OF SOCIAL LIFE.

If there has been in social life only discord, a turbulent state and no order or arrangement, then there is no ground for hope for a future social state in which order will reign; for disorder cannot produce order, nor discord harmony. But if, on the contrary, the various social adjustments can be shown to have been conducive to some end or object, in that will be conclusive proof of an order to an end. And, though there may have been conflict, it was but the rearrangement of the social units, the necessary pressure of a change in direction or velocity to satisfy new requirements.

If the various social adjustments have been for the accomplishment of an object or conducive to an end, there must be tangible evidence of such. Is there not something to which all ages have contributed and which, alone through all the vicissitudes of social life, has not been destroyed?

That there is must be patent to all at a glance. It is the great body or stock of knowledge and the power that comes of it, the origin of which antedates all history, either written or traditional.

The acquiring of knowledge, in the nature of things, must have begun very early in the period of man's existence and progressed far before, even, the earliest traditions. There are so many things, so common to us and which seem so natural to know, that we of this day are apt to forget that they had to be discovered. How to produce fire or invent a way of communicating thought were, no doubt, as difficult as how to utilize steam, or many other discoveries that seem so great because their use is less common.

That this body of knowledge was continually augmented and was never lost is plain if we consider of what it really consists. Primarily, it consists of just such knowledge as savages possess, such as enabled them to increase their comfort, convenience and welfare. This, from the nature of man's desires and inclinations, could be lost only with the extinction of the race. Nor was it at any time lessened. It

may at times have been available to less numbers than at some previous time, which would lessen its advantages, but there is no evidence that any real knowledge, i. e., discoveries of nature's secrets, was ever lost after having been once grasped. On the contrary, since knowledge is power—power to increase satisfactions—and power is what man has always sought, first to command nature, and second, if the opportunity offers, command his fellow-man; the peoples or tribes with the greatest amount of knowledge were always the most powerful, and, therefore, could not have been overwhelmed and their knowledge destroyed with them. The preservation of knowledge is only a logical deduction from the law of the survival of the fittest.

The decline and fall of the Roman civilization, as it is called, the latest and, perhaps on that account, the best known of extinct civilizations, is spoken of as being accompanied by the decline of knowledge. Yet, it was not knowledge that was lost with the breaking up of this civilization. It was merely the advantages in its application in production, which comes from an extensive co-operation of men in the effort to satisfy their desires. The great monuments of the architectural skill of past civilizations are not so much an evidence of a high degree of knowledge as of a wide co-operation and a great concentration of effort.

The Roman civilization was not destroyed by the invading barbarians. They merely destroyed the physical evidence of it. It had already disintegrated because the advantages of an extensive co-operation, instead of being utilized in advancement, thereby increasing their power, were squandered in building monuments to vulgar pride and vanity. The co-operation of the people of the Roman empire became less and less, until of that proud civilization there was nothing left but the merest form; and that fell an easy prey to the invaders who, though having not the physical evidence of so much knowledge, were no doubt as far advanced in the knowledge of nature.

There can be no doubt that there was much knowledge of the doings of men lost with the different civilizations to which they belonged. But this was an advantage rather than a disadvantage, merely the destruction of the rubbish that the useful might not be lost in it. In the gathering of any valuable thing there is necessarily much dross gathered with it, which must be separated. This is most strikingly true of knowledge. And the real knowledge, that which is always useful and valuable, is and in all times has been the

knowledge of nature—nature's laws which in recent times have been classified and systemized, constituting the sciences of today, the basis of our present greatness.

CHAPTER III.

THE ORDER OF THE ACCUMULATION OF KNOWLEDGE.

That social adjustments have been conducive to the acquisition of a perfect knowledge of nature must be clear to any who will trouble themselves to make a systematic investigation. To begin, there are two distinct divisions of the process or method by which our fund of knowledge was and is being acquired; first, the original discoveries; and second, the combining, classifying and systemizing of these discoveries, in order to utilize, or more fully utilize them.

The utilization of original discoveries naturally followed their discovery; but beyond the most rudimentary classification and systematization, which is necessary to any extended use, the one was well rounded out before the other was well begun. The discovery of the truths that underlie the present knowledge of nature embraced in the sciences, required a social state of extensive co-operation. It required a state in which communication was comparatively close, yet extending over a vast area. History abounds with records of the various and fruitless speculations of men regarding the movements of the heavenly bodies that produce the phenomena of day and night; but until the discovery and demonstration of the fact the earth was round and in rapid motion, the deductions were indefinite, inconclusive and fruitless. But the discovery of this truth, which was the climax of all the discoveries that preceded it and, alone, made possible all the succeeding discoveries, required an extensive knowledge of the earth's surface. This required a considerable advance in the arts and in skill in the application of the rude knowledge possessed; because an extensive knowledge of the earth's surface could be acquired only through communication between men, extending over vast areas; and this could

be sustained only by the wide co-operation made possible by the advance in methods of production and transportation of products.

It would be impossible for man to conceive of the spherical form of the earth, of its rotary movement and its rapid flight through space, were each to make independent investigations or were the investigations confined to any locality. In truth we cannot see how this discovery could have been made in any other than the way it was. When society had grown to such a stage that the vastness of what was known of the earth came to be realized, it led to speculation as to what was beyond the seemingly greater vastness that bounded man's horizon. And man continually improving his ways of exploration, the ultimate demonstration of the truth of the theory deduced from observations covering a wide area, of the form of the earth, was only a natural sequence.

This discovery marked an era in the acquisition of knowledge. Up to that time, leaving out such knowledge as prophecies, revelations and history, which cannot be considered in this treatise, it consisted of extensions of such knowledge as savages possess. No classification or systemization was possible, for the reason that no fundamental principles were grasped. That the sciences were not born before then is not any more strange than that a son is not born before his father. To be sure, there was what was called Astrology, which was supposed to be very important and, under the name of Astronomy, was first advanced to something like perfection, and as a result of the demonstration of this new theory. But besides this it gave a direction and certitude to thought that was impossible before. It quickened perceptions and made observations more acute, which resulted in such discoveries of natural forces as made possible the combination, classification and systemization of knowledge that constitute the sciences of today.

But the classification and systemization of knowledge and its consequent application did not immediately succeed the discovery of this truth. Before that time observations were, at best, superficial. This discovery drew aside the curtain for deeper and closer observations; this being the order in which we perceive things—that which is closest is the last observed. Man turned from observing the earth in its relations to the universe, to observing the relations of the matter and forces of the earth. This was only the beginning of those deeper observations that involve the power of reason-

ing. It still continues without intermission; and the classification, systemizing and consequent application of these discoveries began only during the present century.

That there was of necessity an order in the acquisition of knowledge, admits of no doubt. That order was from a knowledge of things remote, to a knowledge of things near to us; from a knowledge that is of little advantage directly, to that which is of great advantage; from that which does not increase man's power and command of nature, to that which does. This is the order in which things are presented to man, and is the only order in which it was possible to acquire a thorough knowledge of nature. It is the same order in which we acquire our rudimentary education.

The motives of the pursuit of knowledge, also, underwent a gradual change. At first it was pursued to satisfy that inherent and unquenchable desire to know, with which some are endowed, but as the advantages of the application of knowledge began to be realized, it was pursued for the power that was gained by its use. Thus knowledge has become more diffused with its growth; each succeeding branch of knowledge, as it was developed, was of greater use to man.

The knowledge of nature is, by the constitution of things, divided into three distinct branches or divisions: 1, the relations and movements of the heavenly bodies; 2, the relations of the elements of which the earth is composed, which is subdivided into many branches, and the forces of the earth; 3, the relations of man in association—social relations.

This is the order in which they were acquired, and inversely, the order of their advantage to mankind. A knowledge of the first branch resulted in no immediate advantage to man, and was pursued to satisfy a feeling of something akin to idle curiosity. The second resulted in a great increase in man's power to satisfy desire; yet it leaves desire as unsatisfied, if not more so, than ever; and it was pursued largely for its power to satisfy desire. It was pursued from motives of self interests and with but little regard for general interests. The third and last of these branches has only reached the stage of classifying and systemizing of the phenomena observed; therefore its application is for the future.

There can be no doubt that the results of the application, this last branch of knowledge will be to realize the full expectation of the results of the second. It would give to our fund of knowledge the definiteness and certitude that comes from completeness. It would make knowledge seem the un-mixed good that it really is. And as the force that impelled

man to acquire and utilize the second branch was greater and more certain than that which impelled him to the first, we may safely infer, and observations will confirm the inference, that the force which will compel man to acquire and utilize the third and most important branch will be irresistible.

In the succeeding chapters we shall see how well was man adapted to his environment to acquire this knowledge.

CHAPTER IV.

HOW INEQUALITIES ARE EVOLVED.

Man is by nature a social creature. That he always chooses association in preference to isolation is proof of this. But during his existence there has been no time when he could live separately and independently of his fellow-man. Not only have there always been mutual advantages in the association or co-operation of effort in the increased power of satisfying desire, but the conditions presented by external nature made it a condition of existence. There have always existed with man, if not before him, living creatures better equipped by nature with physical strength and ability to provide themselves with subsistence, with which man, single handed, could not cope. So we see that, though adapted by nature for social life, man was placed under conditions that provided no alternative—except destruction.

When man lived by taking what nature spontaneously produced, as in fishing, hunting and gathering fruits, nuts, etc., there was little need of association except for protection; there could have been no differences in condition except those resulting from superior natural powers, which do not depend upon associated effort. But when man ceased to depend upon the spontaneous offerings of nature and began the cultivation and growing of crops and animals for food, clothing and shelter, and shaping tools for increasing the ease and efficiency of his effort, nature increased the differences between men, in regard to the power of satisfying desire, by presenting opportunities of different desirability, such as productiveness of soil, healthfulness of climate, etc. The most

favorable opportunities offered by nature would most naturally be taken possession of by those possessing superior natural powers. Thus augmenting the natural difference in power of satisfying desire.

And here arises another cause of inequality, one which depends entirely on the association of effort. By associated effort or co-operation, as it is properly called, I mean not merely an uniting of physical force in the performance of a difficult task, but the co-operation resulting from the specialization of industry, the division of labor and the exchange of products, thereby not only utilizing to the fullest the various adaptations of nature in soil, climate and so forth, but bringing out and developing the various inclinations and powers in different individuals. As exchange grows in volume and extent, locations which are most accessible from all points or locations that participate in such exchanges, offer great advantages over locations less accessible. And of the less accessible locations there are, of course, differences. But these centers of their respective localities, bound together by various exchanges, are, in a certain sense, tributary to the larger centers, because through them is offered the easiest way of carrying on the various exchanges.

These advantageous locations or exchange centers are primarily due to their accessibility from many points by means of waterways, etc., but as other ways of transporting products came into use, such as highways and railroads, the advantages of these locations were greatly augmented, because the tendency of all improvements in ways and means of transportation is to bring all mankind into closer relations, not to create new centers, but to increase the advantages of the old ones.

The exclusive possession of these centers through which exchange flows, carries with it the extreme power of life or death to co-operation; since without the use of these centers exchange would be impossible. But added to these sources of inequality, when the necessity of government arose, it was naturally vested in those who possessed, in the largest degree, those other advantages, who are ever prone to use this authority without restraint to increase those other advantages.

And thus it is, that nature endowing man with differences in natural powers with which to satisfy his desires, has increased the inequalities resulting therefrom by offering unequal opportunities from which desire might be satisfied; and when in the course of the natural growth in numbers of man,

exchange grew up another source of inequality arose which increased with the increase of exchange.

It is from this latter source that spring the inequalities that are, at this day, a menace to social life, but from it also springs social life itself. Were there no exchange, there could be no social relations and no social life; there would be but little communication between man and man, and there could be no advance in the means to provide comfort and safety.

But the various social adjustments are unintelligible unless we consider the variations in human nature. There is ever present the possibility of it sinking to such a low stage as to leave but little more distinguishable difference between man and the higher animals than the physical form; and the capability of it rising to such a height, of acquiring such qualities and powers, as to seem more different from the uncivilized man than he from the higher animals. We must consider that inherent quality of the human mind, the inclination to follow in the footsteps of those who have gone before. And as mankind is, as it were, ever traveling an untrodden path, penetrating an unknown future, there is always present the natural willingness to follow whoever will boldly advance. The future seems so dark and dangerous, though driven by an irresistible force, we are ever hesitating. If difficulties arise, we would look to others for their solution.

But in regard to the characteristics of human nature, we may divide mankind into two classes: those who would lead, and those who would follow. Each arises from opposite views of the relative powers of man. The first springs from the consciousness of comparatively superior powers, which fires the inherent feeling of supremacy in the scale of material existence, blunts the sense of dependency on nature and swells to inordinate proportions the estimation of self. The second, springing from the consciousness of comparatively inferior powers, impresses keenly the feeling of weakness and dependency on nature of mankind, which largely overshadows the inherent sense of superiority in the scale of material existence and begets a spirit that would gladly depend upon others for guidance.

But wherever there is this spirit of dependency there is, and by all accounts always has been, existing with it, the spirit that would utilize this dependency for its own aggrandizement. The powerful have always usurped the rights of the weak as the resistance to these encroachments became weaker or the desire that prompted them became stronger.

Though the restraints of conscience may have always tempered the relations of men, they have had so little influence in fixing social relations that we may safely ignore them here.

CHAPTER V.

THE EVOLUTION OF THE COUNTER FORCES OF SOCIAL LIFE AND ITS GROWTH.

Desire is the impelling force, and its satisfaction the end, of all human effort. We cannot conceive of a person making the least conscious effort, except to satisfy the feeling of desire. Though desire is the force that impels to effort, the effort is not measured by the strength of the desire; but by the sum of energy, both mental and physical, that is at the command of the subject of the desire.

The result of the effort depends not only on the sum of energy at command, but also on the resistance offered by external nature to our efforts. This resistance is the force that maintains order in all human actions. It is to social relations what gravity is to the world of matter. Though it is this that makes effort necessary, it is what is so necessary to order and certainty.

It has often been said that man is the unsatisfied animal—desire increasing with the possibility of satisfying it—which, to me, means only that until the object of social evolution is attained this force will be increasing. It is not because of the fear of weariness that man seeks the satisfaction of desire along the line of least resistance, i. e., in the way he thinks will require the least effort, but because by so doing he can more fully satisfy his desires, or obtain a greater number of satisfactions. And seeking the satisfaction of his desire along the lines of least resistance, it impels man to the exchange of products, which produces the social body. The bonds that bind men together and form the social body are the increased satisfaction made possible by exchanging. It is to the social body what the centripetal force is to the material universe.

But the inequalities with regard to satisfying desire, born of the unequal natural powers, growing with the growth of exchange and developing that quality of human nature, the tendency to satisfy desire at the expense of another's effort when that way seems to require the least effort, operates as a counterforce to the advantages of exchanging and the formation of a social body. When the advantages of exchanging are absorbed by one party to the exchange, the incentive to exchange on the part of the other ceases. This social force is to society as the centrifugal force is to the universe.

Here, then, are the balancing forces of social evolution; the mutual advantages of co-operation, operating to draw men into closer association, being the centripetal force of society; and the tendency of the strong to, in various ways, gratify their desires at the expense of the effort of their weaker or less exacting fellows, operates to weaken the ties of association, to lessen co-operation by lessening the incentive and is the centrifugal force of society.

That the mutual advantages of exchange was the force that brought mankind into closer and wider association, has been generally recognized; but this other—the counter force in social growth, the peculiar qualities or characteristics of human nature evolved by the conditions under which it falls—is generally ignored. About the only importance that in current thought attaches to it is an evidence of the weakness of human nature. But weakness as here used is a very vague term. Such terms are merely relative; and what standard of strength is thought of when we speak of human nature as weak? This remark it would not be worth while to make were it not an example of the explanations of many phenomena of human nature which are generally accepted as so complete; yet it is only showing the relation between the phenomena observed and some other much less understood.

The failure to consider this force as a factor in social development does much to make the order of social development so unintelligible. We have looked upon this only as an impediment to human happiness; or if, perchance, we are of the favored, we may gratefully accept it as an inscrutable decree of Providence. But whatever be our conclusions they are at present anything but harmonious.

But to trace out the various movements resulting from the action of these counterbalancing forces of social develop-

ment, is the task, more difficult than merely pointing them out, to which we will now turn.

The force that impels to association is that attribute of human nature, desire. Therefore, the strength of the bonds of association depends on the increased power of satisfying desire, that is due to association. And this depends on the improvements in methods of production and ways and means of transporting products.

But the counter force to association, the tendency to satisfy desire at the expense of another's effort, might be classed with the human passions. Desire growing with the ability to satisfy it, the strength of this force depends on, 1. the opportunities offered, in the way of tolerating aggression; and 2. the strength of the bonds of association. It is the bonds of association that gives birth to and supports this counterforce; therefore, its strength is necessarily within the strength of the bonds of association.

As exchange grew in volume and extent, tending to bring greater numbers into closer association, this counterforce, evolved as exchange grew, besides tending to drive those who were deprived of the advantages of exchange in other directions in seeking the satisfaction of desire, by presenting the extremes of poverty and affluence, of misery and apparent happiness, furnished an extraordinary incentive to exertion, and the improvement of conditions. Added to this were the rivalries and jealousies engendered, which, though often resulting destructively, we cannot doubt were a means of advancement. And that condition among mankind generally was maintained, that is most conducive to the multiplication of numbers—the fullest development of the animal powers—which, as we have seen, was an important factor in attaining results.

It seems that these are the scourges with which man is driven on. When the growth of association ceases, by reason of the cessation of improvements in ways and means of production or otherwise, this aggressive tendency, much like blind passion, grows until it either forces society to an increased productiveness and a wider association, thereby strengthening the bonds of association, or it dissolves the bonds of association and destroys the source of its being. But the various parts, tending ever to unite, form other bodies or are united with other bodies, always evolving these same forces; the results, varying with the conditions, depend on where the resistance that is offered to the pressure is the weakest.

As improvements in methods and processes of production and exchanging grow, exchanging bodies merge into one another, forming larger bodies with correspondingly greater centers and forces, pressing men to their utmost to provide means to gratify not only their own desires, but to satisfy the the ever-increasing demands of those who control the current of exchanges, by the possession of all the advantageous locations, and wield the power of government by which they are enabled to exact tribute by taxation devices from the very extremities of the dependent bodies. And this attracting to those centers, as well as developing within them, the highest skill and talent and the greatest culture, results in all the outward appearances of a great civilization.

But passion is blind! It destroys itself.

When the power to satisfy the increasing demands of wanton luxury and gross extravagance ceases to grow, blind centralized power hurries to its own destruction by making increasing drafts on the reserve energy, thus destroying the source of its power. The co-operating body partially disintegrates or merges into other bodies. The visible force, the organized government, falls into decay or is overwhelmed by seemingly weaker forces; and only the product of ingenuity and skill, the great structures and monuments of pride and vanity remain.

This, in brief, is the course of all dead civilizations, each of which exceeded the preceding one in wealth, grandeur and extent; the result of a wider and closer co-operation caused by the advancement in ways and means of production and exchange.

Many authors bemoan the losses to mankind attendant on the decay of ancient civilizations. But, what was lost? Merely the talent and skill that accompanies and is attracted by great wealth and power. Did art and literature sink? Art and literature are only accompaniments of leisure and refinement, and these depend on the ease with which other desires may be satisfied. Did knowledge wane? Knowledge! Of what? Merely of the doings of men, of the conceits and conspiracies of kings and the vapid imaginations of pretending philosophers. 'Twas well, perhaps, for mankind if much of the rubbish that passed for knowledge was destroyed. There is no evidence that any of the advantages in the battle with nature was lost with their fall. Some of their efficiency in use was lost by the decline of co-operation; but the power over nature, once acquired, was never lost. Co-operation sufficient to utilize these advantages in some degree would

always remain. The fact that each succeeding civilization exceeded the preceding one in wealth, power and extent is a sure indication of the growth of the power and command of nature. The knowledge and improvements acquired by one civilization was the foundation for the succeeding one. The ruins of ancient civilizations, the wonderful feats of engineering and skill exhibited in the erection of the great structures which are the most prominent evidence of their having existed, and the works of talent and art that adorned them, are but the piling up, as it were, of the efforts of man by the resistance offered by nature to the extension of his power and dominion.

Thus, through the alternating play of the balancing forces of social life, was evolved a co-operating body extending over practically all of what then could have been known of the earth; which made possible the discovery of the true relation of the earth to the universe, furnishing a basis for investigations that have resulted in the present social state with all its powers.

The adaption of man to his environment is clearly seen when we consider the object attained. But for the light it will throw on present questions, as well as showing the peculiar human characteristics that were developed and utilized in social evolution, let us follow the growth of the present civilization somewhat more closely. In one particular, to which I would call especial attention, it differs from the one it succeeds: in that, force was successful in bringing all mankind into one co-operation; in this, force has been unsuccessful in preventing the growth of co-operation.

CHAPTER VI.

THE GROWTH OF THE PRESENT CIVILIZATION.

When the insatiable greed of centralized power had destroyed the extensive co-operation which was the basis of the strength and grandeur of the Roman empire, by draining the energies of the dependent co-operative bodies through monopolizing the advantages of exchange and levying taxes and tributes through exercising the powers of government,

that once grand and powerful organization withered like a tender flower in autumn's early frosts. Its power waned, as by its over-reaching greed it paralyzed exchange and broke up communication, until there was left of what we call a great civilization only the rotten core. And that was spared the agony of a gradual decline by the invasion of the northern races; and at the same time, the, to the future, dangerous debris, the floating derelict of the old civilization, was removed. In this way the field was cleared for a new evolution of social forces. Mankind was reduced to primitive equality with all the advantages of the useful knowledge and power that was acquired through all the previous social evolutions.

As co-operation again grew up over the vast area over which Rome had extended her dominion, new centers were developed and with corresponding political powers. As they came in contact with one another through the extension of exchanges, each viewed with jealousy and envy any extension of the other's influence, and each sought to restrict the field of co-operation of the others. Natural advantages were lost sight of; each co-operative body or nation (in the early growth of the present civilization they were identical) sought to extend its own exchanges and, in every manner possible, restrain the exchanges of its neighbors.* This led to many absurd theories as to policies of national welfare, such as imposing restrictions on the exchange of products and, even, attempting to regulate the movements of men. Yet to those who became possessed of all the natural and social advantages through the development of the inequalities peculiar to social growth, and in whom were vested the powers of government, it was not strange or absurd, but, on the contrary, it was only natural that each power should guard against any encroachment of its field of co-operation, since its strength depended upon the extent of the use of the commercial advantages that were possessed by the governing class. And this class saw well enough that the power, not to say privilege, of governing must naturally follow the centralization of co-operation; therefore, each government strove, though perhaps not wisely, to secure this advantage.

The value of the natural advantages, monopolized by the powerful, depended on the extensiveness of their use in co-operation, and any extension of the exchanges of rival

* This same jealousy and rivalry exists today between exchange centers, though the force with which it operates is much less—the powers of government and the possession of natural advantages are more separated.

co-operative bodies within their domain would, of course, lessen the value of these advantages. Therefore, the power of government was used to hinder any interchange of products that would narrow the field of exchange of its respective centers, however advantageous such exchange would be to the dependency that would make it. This checking the natural flow of exchanges, in some degree hampered co-operation, but it gave to the forces of social advancement that stimulus that only rivalry can give.

That governments sought to hinder only the importation of products and did not hinder their exportation, but encouraged it in various ways, was due to that perplexing phenomenon that presents itself when social growth has well begun, the excess of labor and labor products over the demand for them.

The explanation most confidently offered for this condition was that there was an insufficiency of stock (capital) devoted to supplying tools, material and subsistence to employ all the labor. But this is one of those explanations that is no less perplexing than that which it is supposed to make clear. The question, why there should be an insufficiency of capital (stock) devoted to supplying tools, material and subsistence to employ all the labor, is no more clear than why there should be an excess of labor. And now, when a superabundance of capital makes this explanation untenable, the reason is supposed to be the insufficiency of money with which to exchange products, or that it always has been that way, which is more consistent with facts. But the true explanation of this phenomenon is that the riches of the powerful did not and do not consist chiefly of products of labor, but of those things the possession of which will command great quantities of labor—the source of these products, the centers of exchange (land) and the avenues of exchange. These cannot be increased in quantity as they cannot be produced, though their value, the power to command labor, continually increases. The effort of those who could command more of the products of labor than they had immediate use for, was to exchange the surplus for land. Therefore, when many were making this effort, they would produce this paradoxical condition; when the scramble for riches is well begun this phenomenon of superabundance of labor products and enforced idleness is always present.

In a subsequent chapter I shall more fully explain this lack of balance between supply and demand; my object here

being to show why the various governments made distinctions in exchanges, and its results.

When the rich, or any one, had command of more of the products of labor than they had immediate use for and they could not be readily exchanged for those things that merely command labor—land, etc., there was, of course, a desire to exchange them for the most desirable forms of labor products, those that were least subject to decay or deterioration in quality or value,—the precious metals. This with their small volume compared to their value, probably led to their adoption as a medium of exchange. But, however that may have been, their being a universal medium of exchange made them, in a society where there was an excess of labor products, a more desirable form of wealth to hold. And when a surplus of labor products was present, which was nearly always the case, those who commanded that surplus as well as exercising the powers of government, in their effort to exchange the more perishable for the less perishable form of products, offered encouragement to the exportation of the former, and imposed restrictions on their importation, hoping to secure in exchange, the precious metals.

To this was due the belief that for a long time prevailed, that all wealth consisted of the precious metals. And for a long time the scramble and search for them overshadowed all other endeavors. Even today, the "idolatry of gold" is something more than a mere figure of speech.

As exchange grew and rivalries of the exchange centers, which were also the seats of the respective political powers, became more intense, the rivalry for the extension of exchanges, i. e., the enlargement of each respective co-operation, and, therefore, power, became a scramble to get possession of the precious metals. The possession of much gold and silver was an evidence of power and distinction among nations as well as individuals; it afforded ease and luxury; it commanded respect, esteem, admiration and, even, fear; and, in a state of society where great numbers were in the most bitter and degrading poverty, (a condition that is mercifully less keenly felt by those who experience it than by those who only fear it) it would seem to many the prerequisite to a state of bliss. To secure the precious metals, commerce was extended, every part of the earth to which access could be had was searched, dangers were braved and difficulties overcome, invention was stimulated and great improvements in the navigation of the seas, the only way then known of extensive exploration, were made. And when what was thought to be

the whole dry surface of the earth was explored in the vain effort to satisfy a desire that only grew as the power to satisfy it increased; when it seemed that the end of exploration was reached, that the movements of man were confined to certain limits by a seemingly boundless extent of watery waste, man's curiosity was aroused as to what was the extent and what lay beyond the great seas that up to that time had bounded his movements. The something in man that will not be satisfied urged him on; and, as speculation leads to greater speculation, as adventure excites a desire for further adventure, the difficulties and dangers connected with the exploration of the unknown beyond served only to challenge the effort. The dangers were faced, the difficulties overcome, a great field of exploration, of treasures, perhaps, was found, and thought and effort received a new impulse.

But the real importance and significance to human progress of this discovery was its effect on speculative thought. The idea, conceived about the same time, of the spherical form of the earth was demonstrated; old and tenaciously held theories as to physical phenomena were undermined; the curiosity and inherent disposition of human nature to know the why of things was greatly aroused; and the fact established that the earth was round and moved through space furnished a firm basis for correct theorizing in regard to physical forces. This is the fundamental truth which the failure to grasp before that time, or rather the impossibility to conceive of, made impossible any advance in the knowledge of natural forces. But with this truth known other phenomena became gradually understood, until, at this day, it has resulted in a comparatively thorough and systematic knowledge of physical forces and movements, and has increased the productive power of labor to a degree that even the boldest imagination could not have thought possible.

That this new discovery—that the earth was round, the fundamental truth that gave rise to the knowledge of physical forces, and might truthfully be said to have given birth to all of the sciences—did not result in a more rapid advance in knowledge and power was due to the fact that the importance of such advance could not have been seen, and the attention of the world was occupied by other attractions. The tendency of motion to seek straight lines is a law of mind as well as of matter. Strange truths are not readily grasped, and were less so in those days. The power and importance of a knowledge of natural forces, which was, no doubt, at first pursued more to gratify that inherent long-

ing to know with which man is endowed, than for any advantage which the possession of such knowledge might bring, could not have been seen. At any rate those who first sought a knowledge of nature's mysteries could not have conceived of the magnificence and power that have come from the simple truths that they discovered.

It has often been asked, wonderingly, what would have been the condition of European society from overcrowding if no America existed? But there are no ifs nor abortions in nature's designs. The forces evolved in social growth produced the conditions of society that impelled to the discovery of America, and, in the course of time, its occupancy. It was, of course, from choice that men emigrated to America, but it was the choice between conditions made unbearable by the inequalities evolved in social growth and the more rude opportunities offered by nature. It was the same force that had always driven man, the force of social pressure ever compelling the extension of his power and dominion that forced mankind onward and outward until the extremes met.

This onward pressure, as it were, of social conditions, like steam pressure in a cylinder, is great or slight as the resistance is great or slight. When the resistance is great, either from lack of mobility in man or external obstacles, the movement is slow and the pressure great; but when the resistance is slight by reason of the activity of man or the slightness of external obstacles, the movement is rapid and the pressure but slightly felt. With the beginning of the colonization of America social pressure was great; but when emigration became more rapid and the colonies advanced in prosperity in acceleration, social pressure became slight, and a comparatively close association grew up. When the pressure had again caught up and began to be felt, when the power of government was used to increase that pressure, the spirit that easier conditions had developed did not readily yield to the demands, but opposed them. The pressure produced a spark that burst out in the fury of conflict, the results of which were of the greatest moment to mankind.

The great advance in form of government was due not to the gradual growth of republican ideals, but to the quickening of thought and the feeling of brotherhood and fellowship that accompanies a great struggle. When victory was gained, the feeling of equality in hardship and sacrifice gave rise to the feeling of equality in political power. The use of the power of government to increase the advantages of centralized power was summarily checked, and the new civiliza-

tion avoided the course taken by the one that preceded it—the complete subordination to a centralized power. In providing a government, the colonists sought to eliminate the evil features of the one from which they had broken, to place the power of government beyond the control of a privileged few.

Again, the force of social pressure compelled man to a great advance not only in America, but over the whole civilized world; for social pressure, like the pressure of steam, is felt not only where the movement takes place, but over the whole social body. The establishment of the first American republic influenced the thought of the whole world.

The seemingly unlimited extent of free opportunities to labor offered in America, when the disinclination to emigrate had been sufficiently overcome, gave relief from the pressure of conditions not only in America, where easy access to free land made escape possible, but also in Europe, for America made room for all. As internal co-operation grew and the boundless opportunities became more fully utilized, easier conditions resulted, education became gradually more diffused, thought was stimulated and ingenuity was developed. A new direction was given to social progress. Instead of only an outward movement, it now tended upward. Invention followed invention and improvement succeeded improvement. The power of a knowledge of natural forces was beginning to be realized. As social pressure increased the added powers made extension easier. The snail's pace progress of centuries was becoming the headlong rush of the locomotive. The ties of association grew stronger at an acceleration. The bone of contention that threatened the dissolution of the American union was destroyed by a fierce conflict; but the irresistible tendency to association rapidly overcame the disintegrating effects. The previous discovery of gold, which still held a great part of man's attention, by a few bold pioneers on the western edge of the new continent started a flood of immigration to that point, though the route was exceedingly difficult and dangerous; and the telegraph and railroad were soon extended to make closer connections with those rich regions, crossing an uninhabited and sterile route of many hundreds of miles. Thus was connected the east with the west, making a very long stride toward the ultimate uniting of all mankind in one co-operation.

It is not by mere chance that the great power and command of nature has been acquired at the same time that perfect means of association and communication are established,

education diffused, sympathies extended and the finer feelings and higher sensibilities aroused. It is only the development of the fruit of the efforts of man in all time. It is to this that human progress unerringly came. It shows the accuracy of design of an infinite intelligence, the perfect adaptation of parts. It shows the wonderful adjustment of human nature to external conditions, both originally and later as altered by human action.

But social pressure has not lessened. The extremes of poverty and affluence still persist. With the forces that are so capable of elevation man has grasped forces that are equally destructive. Amidst the greatest enlightenment the flower of mankind is continually trained for war; and perhaps the greatest advances in invention have been in war appliances. But this is an assurance not of war, but of peace. The higher sensibilities and the growing feeling of brotherhood and a common destiny, together with a realization of the necessary destructiveness and horrors attending the use of modern appliances in war, is the best possible guarantee of peace. The present wars are a powerful illustration of this fact, and shows that the end of conquest is at hand. The two most powerful nations of the world stand aghast at the cost in blood and treasure of a conquest of the weakest peoples on the globe.

Though the command of natural forces is most potent to elevation, it is equally potent to destruction. It has greatly strengthened the bonds of association, but it has also increased the forces that threaten dissolution. With steam and electricity, the great factories and the greater ocean vessel, have come the death-dealing weapons of modern warfare, the floating engines of destruction and millions of the pick of mankind trained to use them. These are the outgrowth of the resistance to co-operation which has grown in spite of them. Yet they are not without their ends in social development. They check the centralization of power which tends to follow the centralization of co-operation under present adjustments and which is so destructive to social life. They take up the surplus products of labor and utilize more fully all human energies.

But standing armies are powerless to prevent the centralization of power, for a resort to force, carried to its logical conclusion, would inevitably bring about what they are calculated to prevent, namely, the subjugation of the world to centralized power—the road that all previous civilizations have traveled. And fearful of this event and jealous

of each other's advantages, the rival powers are draining their resources not only of wealth, but of men. Because of this their latent power is lessening, and instead of tending to solve the question, they are only aggravating the evil, putting off the inevitable, yet increasing its force.

These destructive forces that threaten to envelope social life in oblivion, and bring fear and anxiety to all, even those whom they were intended to protect; these are the forces, evolved with those the command of which has so wonderfully increased man's power, which operate to compel a fuller and higher use of that power; compelling man to a higher plane of existence by threatening the demolition of his present status.

But there are other and more potent forces driving man onward. The fact that in spite of the constantly increasing power of producing wealth, the power to provide for their dear ones is growing more uncertain for those who possess only their own powers, is becoming more fully realized. The recurring paroxysms of commercial depression bring want and suffering to many and arouse the sympathies and wound the delicate sensibilities of those who only in this way are made to feel the stings of poverty; and, by threatening the stability of pecuniary interests, which is, perhaps, at present the most potent factor in shaping the policies of the world, this too is aroused to the seriousness of social conditions. But great forces have great inertia. Each interest narrowly seeking its own welfare and heedless of general distress is ever prone to accept any proposed remedy that promises to alleviate the particular symptoms which are directly felt, giving little heed to a reform that proposes to go to the bottom and remove the cause. They seek safety in inaction, trusting to natural developments. But the limits of natural forces are infinite. If some periods of commercial depression are worse than others, then there can be still worse. If small causes have bad effects, greater causes must have worse effects. The higher we rise in the scale of social life, the more severe will be the shocks resulting from social maladjustments; and the greater are the forces we grasp, the greater is the possible variation of condition. Just now, as in Part Second I shall more fully explain, there are operating forces that will sooner or later produce an industrial disturbance that will shake our economic structure to its very foundation; and through its effects on pecuniary interests, it will, I believe, bring the necessary pressure to com-

pel man to systematize and utilize the knowledge of social forces that he is only now grasping.

The state of discontent is rapidly extending itself to all minds. The persistence of want amidst plenty, the apparent injustice of the conditions that gives but a bare subsistence to those who produce all while idlers are maintained in a state of wasteful and wanton luxury, and, with the present high degree of intelligence, the total lack of any assurance, from those who are looked to for guidance and are supposed to know much more than they really do, that these conditions will ultimately lead to better; all this leads well-meaning people to seriously doubt that the world is guided by an All-wise Providence and that life does not end here. And the consequent decay of a religious spirit among the masses of the people and the increase of crime arouses a feeling of apprehension as to the future among those who feel the benign influence of and profess to teach the gospel that has been a great solace and comfort to man in many a trying period.

Human nature is ever the same. The same inclination and readiness to follow where others lead exists today as it has always existed; the same readiness to utilize the dependency of others for his own aggrandizement continues; but the conditions are being rapidly evolved that make the aggrandizement of leaders possible only by their lifting up the followers. We are coming to perceive that might and right do not conflict. Man, both in his individual and collective capacity, has ever adjusted himself to the conditions as they arose; the inclination to do so is still very great, but failure has greeted every effort. Discontent is rapidly growing, dissensions are arising and conditions are becoming unbearable. They must be commanded and mastered. To delay is but to tempt the vengeance that threatens. The pressure is on and though it may shift, it will never lighten until man undergoes the effort to learn and obey the silent command of nature. To what horrors mankind will be subjected will depend on the promptness of response to nature's appeals; for she is just but inexorable. The duty must be done, and he who will shirk it as he perceives it will as naturally suffer the penalty as he who disregards any other of nature's mandates.

PART SECOND.

THE SOLUTION

OF THE

PRESENT PROBLEM.

Find out the cause of this effect,
Or rather say the cause of this defect,
For this effect defective comes by cause.
—Hamlet.



CHAPTER I.

THE PRESENT PROBLEM.

In the preceding chapters I have endeavored to show the perfect adaption of human nature and the physical features of the earth to social evolution. The perfect adaptations of nature holds good everywhere, although to many the adaption of the earth to the needs and welfare of man is not clear. But here as elsewhere the harmonies of nature must be; man is a part of nature and subject to her laws; although as usually spoken and thought of, we exclude man in the term "nature," but this is merely a distinction in thought. The reason we do not see the adaption of the earth to man's welfare is because of our narrow ideal of his welfare. The world might have been better adapted to the thousand and one human ideals of human existence, many of which were realized only to give rise to other ideals. Were it only plenty to eat and drink, fine clothes to wear and houses to live in, that this world was intended to furnish man, it is indeed a poor makeshift. But it is something more. These are here for man, but under conditions that require a certain effort to obtain them; they are but a means. Man is not a plant, he is an animal, and with these the animal thrives, but in the animal there is a will, a conscious reasoning germ, so connected with and adjusted to the animal that the animal's comfort is its pleasure, the animal's well being is its welfare, the animal's wants must be first provided and then its desires arise. It is to the growth of this that the world is adapted, and that it is wonderfully adapted to this whoever will look may see.

Physically man is the weakest of animals. It is only by the exertion of mind that he has maintained his existence. It was so at the beginning, is so still and ever will be as long as man is as we know him and matter and force persists. With exertion the mind grows and develops just as the physical

powers do. Endowed with desire, which arises as by reason it perceives the possibility of satisfying it, the mind exerts itself not in the direction it chooses, but in the direction which the conditions offer satisfactions. These conditions man did not make in the beginning, and as they were altered by him, such alterations were not according to any designs of man, but as a result of the inclinations and powers that were aroused by pre-existing conditions.

And desire prompting the mind to new devices and ways of satisfaction, powers were acquired which were easily transmitted from one generation to another and thus perpetuated. The satisfaction of one desire opens the possibility of another being satisfied, thus giving rise to other desires. The satisfaction of the animal desires give rise to desires purely mental. The desire to know arises as the conditions, varying perhaps with different individuals, offer the opportunity of its satisfaction. This, no doubt, is the reason that education is more diffused at the present day than ever before. The conditions evolved have always been such that the great majority of mankind could acquire only such knowledge as was necessary to the performance of their respective duties, until within the present century there arose a general desire for the education of all, which to many, even now, seems only an useless effort, and really amounts to only the mere rudiments of systematic knowledge.

How beautiful is the economy of nature even in man's efforts. As social growth and development required greater knowledge, the conditions evolved confined the effort of its acquisition to a few, until, with the acquisition of greater power of satisfying material desires, education became generally diffused and the foundation was laid for intellectual growth and development, which can only be attained by making the conditions easier for the satisfaction of material desires. This is a necessary condition because of the fact that human endurance, whether of mind or body, is limited; and the lower orders of desire must be assured satisfaction before those other desires, which evidence in man something more than the animal, arise. The desires which are common to both man and brute and might be called animal desires, press irresistibly for satisfaction until such satisfaction is assured; but when their satisfaction is assured, not necessarily satisfied, and only then do those desires that so often and only in man develop into destructive passion give away to the desires that testify to the immortality of man.

Something more is demanded than a more equitable share of material productions. That is but a means, but that only many social reformers contend for; and this narrow and perverted view of all demands for social readjustments is held by many who even claim that slavery, war, pestilence and famine were means to the growth of the social state, which I do not dispute, and yet will denounce as traitors to church, family and state, all who would dare point out the dangers and duties that social growth has evolved and how one may be avoided and the other performed. Their idea of life is narrow, and, like many who see the danger of present conditions, they see as the end of advancement only more ease and comfort, a greater degree of satisfaction of physical wants. They would keep men under conditions so distorting and embroiling that from the sheer lack of mental development they become a danger and menace to peace and happiness. It is not enough that the laborer can have access to libraries or can read the same newspaper or scientific magazine that the millionaire does; much can be read and little digested. The blindness exhibited by those who it seems should know better is a trial to ordinary patience. People compelled at an early age to endure exacting physical labor do not, except in rare cases, acquire a taste for close study or any study at all, for studying is at least as trying on the energies as physical effort. Those amiable philosophers might better realize the possible intellectual development of laborers as at present, by undergoing the physical strain of twelve hours labor, to say nothing of the wearing of worry and discontent that is the lot of the average laborer.

But the leisure at my command will not permit me to dwell at length on the many points raised by this element of conservatism whose ideal having been attained would check all advancement. But as well try to stay the movement of the earth on its appointed orbit. Such efforts only steady the social movement and press into coherency and congruity the forces and theories of social advance. They do a real service to society by pointing out the incongruities which are so common to all new theories, and, by the opposition which they are enabled to present through the readiness with which eloquence is mistaken for logic when directed along current lines of thought, they incite to intense effort the forces that are back of new theories.

It is the growth and development of mind to which the world is adapted. The opportunity to use the mind is never lacking. The worry and discontent, from which none are

exempt, are the forces that impel to mental effort and, therefore, to mental development. It was this that caused all social advancement, all human progress. It is on the mind that social forces press, and though they press so slowly and steadily that we can perceive no movement except when we take considerable periods of time into consideration, they are none the less irresistible. And that man, in his effort to satisfy desire, moves along the line of least resistance is no less true of man collectively than as individuals. This law governs the movements of the most powerful human organizations as well as the veriest savage who rolls logs in search of grubs; and the world is so adjusted that when the conditions press man onward, escape is possible only in the direction that was ordained; though what suffering may be endured through fruitless effort in other directions can only be surmised by a study of the history of the past.

When the pressure of social conditions begins, it is always at the bottom of the social scale, and as it increases it is felt higher and higher in the scale of life until the object is attained. It has often been noted that those at the bottom are deaf to appeals for their own welfare and blind to their own interests. Though this class may constitute a very large part of society, social advance is not dependent on their effort, but the fear of their power often compels it. They feel the pressure, but they have not the mental capacity to find relief; therefore, the pressure rises until it reaches and effects the mind power of society. While men can secure the necessities and comforts to which they are accustomed and opportunities offer no other inducements, they are satisfied; but the marvelous adjustments of nature are such that industrial conditions are variable, and when the enjoyment of accustomed comforts and leisure are threatened by these changing conditions, the minds that have developed the capacity to reason will be exerted to find relief, to right the conditions that would deprive them of their accustomed satisfactions. In this way will conditions be altered.

Did conditions grow harder gradually there would be little cause for hope for an industrial readjustment; for though there would be discontent, it being always present would make it seem irremediable, and poverty amid wealth would be accounted for by such a handy explanation as the Malthusian theory or some other more consistent with what is known. But industrial conditions do not grow worse gradually, but rather suddenly. Production increases, employment is pretty general, contentment reigns and hopes

mount; when, of a sudden, production is checked, the ability to find remunerative employment grows less and less, contentment gives way to discontent and hopes begin to wither. Briefly, this is the course of what we call panics, the cause of which is explained in many ways, no explanation being generally accepted; though that they are peculiar to a high social state none will deny. When one passes off we feel hopeful that it will be the last; but while the conditions which evolve them exist, they will ever recur with increasing severity.

Though of all the dangers to social life which progress has evolved, this may seem the least dangerous, it is nevertheless a serious question and involves untold suffering. And on account of the radical change in conditions which these seasons of commercial paralysis bring about, I am convinced that this will eventually impel men to learn their cause and how they may be averted; for it is not that which continues, but that which changes, that commands attention.

In the solution of this—the cause of recurring panics, which are nature's convulsive readjustments of unbalanced industrial conditions—we will also find the way to avoid all the dangers involved in social growth; for the solution of this question requires an understanding of the operation of social forces and how they can be modified or commanded. The power to command physical forces was acquired only through a knowledge of the relations of matter and energy; and so with social forces, a knowledge of which will enable man to control within the limits of natural law.

The question that most perplexes mankind today is not how we may do without the great standing armies, how we may reduce the expenses of government or how we may get along with fewer prisons, asylums and almshouses, but how all may be employed and receive a natural and just remuneration for their effort; for it is more or less clearly understood that the former are connected with and derivative of the latter. And, panics being only the acute stage of unbalanced adjustments, the question of which we will seek the solution is : Why are there at all times men unemployed and anxious to work, and at certain periods large numbers struggling for the opportunity to exchange their services for some form of its product, while there are immense stores of that product wasting and its source only partly used? Since the product of labor is only labor or services in concrete form and all cannot find employment because of the tendency

of the supply of products to exceed the demand for them, we may put the question in this simple form:

Why does supply exceed demand?

I do not mean that the actual supply of labor products exceeds the demand for them; but that the ability to produce exceeds the demand for the product. The natural economy of a society always tends to limit the supply to the demand; for when more is produced than is demanded, the surplus wastes and is a loss to society in general and the person or persons in whose possession it is in particular. Therefore the surplus product always tends to remain in its simplest or elementary form—idle labor and idle land.

When we have traced this phenomenon (the excess of supply over demand) to its source, we will have found the error in our social adjustments from which spring the dangers that menace social life, and through the discord and conflict of changing conditions we will see the harmony of social advance.

CHAPTER II.

DEMAND AND SUPPLY.

We have but to pause and reflect to realize how important is exchange in the present process of production. It of necessity grows with each improvement in methods of production, or it is rather the growth of exchange that gives rise to improved methods of production. From the time of the earliest writings about the condition of trade to the present, exchange has seemingly never balanced; the equation between supply and demand has never been maintained; and strange, that the embarrassment has been from what seemed too much rather than too little.

It is unnecessary to dwell upon the many explanations of this phenomenon; the truth when once pointed out stands transparent; its simplicity is its proof. It requires voluminous writings to build up and systematize error so as to make it pass for truth, and then it is ever failing; while truth itself, on account of its very simplicity and unobtrusiveness, stands unrecognized. It is indeed a herculean task, that the great-

est minds might well feel proud of and consider as evidence of their superiority, to so systematize error as to make it pass with the rest of their kind as truth. Nature has never presented a phenomenon that man did not in some manner readily explain; and only when we come to explain the relations of the various phenomena do perplexities arise and errors in explanations are discovered. And as the most difficult task offers the best test of strength, the greatest minds have directed their energies toward trying to harmonize discordant theories rather than seeking the true explanation of observed phenomenon; and the lesser ones, awed at the seeming magnitude of the task, readily accepts the explanations handed down. This, I believe, more than the power of pecuniary interests has given direction to economic investigations.

But, however that may be, the popular faith in current economic theories is all but dead. The idea that all industry must be controlled and operated by organized government, and the kindred though opposite idea of the irreconcilableness of law and liberty, are rapidly gaining ground from the sheer want of any satisfactory explanation of that paradoxical phenomenon, the constant tendency of the supply of products to exceed the demand while at the same time there is, perhaps, intense suffering from the want of them.

There can be no doubt that an arbitrary division of the aggregate product of a state or nation, were it possible, would eliminate the embarrassment of overproduction; but, to say nothing of its impossibility or impracticability, it would also eliminate most of the incentive to endeavor, without which—well, carried to its logical conclusion, the end would be oblivion. Such an experiment can be thought of only as a last resort. We might in that way secure an equal distribution of property; but the fact that property is not equally distributed is an evidence that this is conducive to its best use. Those who own the wealth of the world show by such ownership their ability to make profitable use of it not only to themselves, but, under proper conditions, to the whole of society. Of this we shall see more clearly further on in this work.

As generally used, the term "supply and demand" has a vague meaning, especially the latter. We understand pretty well that supply is the aggregate product. We know that the supply of a farmer is the amount he produces, of a storekeeper the stock of goods he has for sale, of a manufacturer the amount of his product, and of any community the whole amount of what that community produces. But we do not

know so well what is demand. We are apt to identify demand as desire, or, at least, to make no distinguishable difference in the meanings we attach to those two terms. Though demand arises from the desire to possess, one may desire all that is in the world and not make a demand for even a tooth-pick.

Exchange is always mutual. We acquire a thing that we desire, only by offering something to the other party to the exchange that will be preferred to the thing we desire, even though what we offer in exchange is only a promise to render the thing desired at some future time; this is demand. So we see that demand is the desire for a thing with the ability and willingness to give in exchange what will be more desired by the one with whom we would exchange; therefore, what we would offer in exchange is to us, demand, while it is to the other party supply. In this we see that the terms are merely relative; demand being supply and supply, demand, depending on the point of view. And it must be, that while desire is unsatisfied, if the supply of some things exceeds the demand, the demand must exceed the supply of other things that make up the aggregate of exchanges; for bearing in mind the relativeness of the terms, they must necessarily balance.

In every civilized society, or where exchange is carried on to any extent, there are always accumulated and maintained stocks of goods or products of sufficient size to supply any demand on the shortest notice. This is true of all products of labor whether the demand be for a box of matches or a trip around the world. This stock of products always tends to the lowest possible quantity necessary to meet possible demands, because of the fact that all products of labor begin to deteriorate in quality and value as soon as their production is complete. Therefore, each individual and each association of individuals for the sake of economy, endeavors to keep only as large a stock as experience has taught will be necessary to supply all demands. Self-interests will always keep the stock up to this point, and the desire to avoid loss will keep it from going much above it.

If exchange were confined to products of labor, supply could not exceed demand unless all desires were satisfied, for as soon as the supply of some things tended to exceed the demand for them, the decrease in price which would result therefrom would lessen the incentive to produce those things, i. e., they would exchange for a less amount of other things, and thus would the equilibrium be restored. But here is a simple truth carelessly overlooked, as far as I know,

by all economists. The fact that all exchange is not the exchange of products seems not to have been thought of. Henry George in this ignores, though no doubt unconsciously, a point of great moment to his philosophy. He says ("Progress and Poverty," page 242):

"All trade, let it be remembered, is the exchange of commodities for commodities, and hence the cessation of demand for some commodities which marks the depression of trade, is really a cessation of supply of other commodities."

And farther on in the same chapter, he speaks, with an uncertainty that is strangely out of keeping with his usual vigorous and confident way, of the cessation of demand being caused by a cessation of supply some where, and finally concludes that since labor has not free access to land, this is where supply is checked. He says (page 245):

"And hence, when through all trades, men willing to work cannot find opportunity to do so, the difficulty must arise in the employment that creates a demand for all other employments—it must be because labor is shut out from land."

That labor is shut out from land is not literally true; and even if so, to make the conclusion valid it must be shown that the supply of some things is unequal to the demand for them; this he fails to do. This uncertainty and indefiniteness is, to me, only to be explained on the hypothesis that having after great effort satisfied himself in regard to the great central truth which he wished to make clear, he somewhat relaxed his endeavor in the matter of details; his profuse pen and vivid imagination so well made up the deficiency that even himself was deceived.

But nothing is clearer than that all trade is not only the exchange of commodities for commodities; taking, of course, what there cannot be the slightest doubt he meant by commodities, the products of labor. And a cessation of demand for commodities cannot be caused by a cessation of supply of other commodities unless the supply of some commodities is exhausted or access to their source denied. This is not the case, for there is at all times of all commodities enough, and more than enough, to supply all demands, while productive forces stand idle and ready to meet any new or increased demand that may arise.

We must grasp the fact that there are two distinct kinds of property that enters into exchange—one, the product of labor, commodities, and the other, the source from which these products are drawn, the resting place and space upon

which man must use his powers. The quantity of the first may be increased at will, only limited by the power of man to alter things; while the second cannot be increased or diminished in quantity, however strong is the demand or however high the value resulting therefrom.

The cessation of demand for products is caused by the cessation of supply of, not products, but the source of these products—land. I have known many cases of hardy settlers who paid five to ten dollars per acre for land that was untouched by the hand of man. These people had nothing to exchange for this land except what they produced by their labors; and this increased the supply of products, but gave no corresponding demand for them. Their demand for land did not tend to increase the supply of land, for that cannot be increased. The supply of that is always the same. The increase in value not only does not satisfy the demand for land, but actually increases it, because it is for that reason a much more desirable form of property to own. And when there are more endeavoring to exchange products for land than to exchange land for products, there will naturally be a surplus of products.

The extraordinary demand for land does not come from a desire to use land, but merely from the desire to possess it—to become rich—which, like all other desires, arises only when we perceive the possibility of its satisfaction. Of course, there is no scarcity of land for use, but when all available land is owned by some one the supply of land for mere ownership is exhausted. Those who possess great fortunes (how these grew is explained in a previous chapter) desiring greater ones, which is conducive to their most productive uses, will receive a portion of the aggregate product, as the earnings of their property, far in excess of what would satisfy their desires, and as each and all are endeavoring to make their part of the aggregate product at least large enough to supply their own needs, and the amount of products which may in any state of society be economically held as capital being limited, there would be a great excess of products over the demand for them were all productive forces employed. And there is always a desire to exchange the excess of products for something that, though it may not be used, will not only not waste, but will increase in value with the inevitable increase of population—land.

This surplus product, or the excess of the supply of products over demand, is the disturbing element in exchange. Its possibility causes the destructive competition between

laborers resulting in low wages; and it causes the decline in price of products in such forms as represent mostly wages or cost of labor. It is, most likely, the net or surplus product of which the Physiocrats of the eighteenth century speak and of which, it seems, Mr. George did not quite grasp the full significance. It arises from the ability of some to become possessed of a larger portion of the aggregate production of society than is sufficient to satisfy their desires for these products, in an industrial state of such great productive powers that this excess is more than enough to supply all increasing demands for capital.

Of course the real owners of this surplus do not have it actually in their possession; they have, rather, something which represents its value—bank checks, money, etc. But these are not products and have not necessarily any value in themselves, but are only representatives of these products—a check, as it were, for them or their equivalent in value of other things. And with a true system of checking things, which the use of money as a medium of exchange really amounts to and that is the way nearly all exchanges are made, there must be held out of circulation an unusual part of these checks or money while there is of products an excess over the requirements to satisfy demands. But holding these checks (money) out of circulation is not the cause of the surplus product; both are caused by the lack of demand for any surplus that may have been produced, or, what is the same thing reversely stated, the lack of supply of what is desired in exchange for this surplus, namely, land or some form of obligations.

As all products begin to waste and decline in value, whether used or not, from the moment they are produced, there is always a desire to possess the checks rather than the products while this surplus remains. This brings up the various phases of the money problem—the money always tending to accumulate in the hands of those who command the surplus product and go out of the regular channels of circulation, which happens only during the decline in production necessary to establish a new equilibrium between supply and demand. And, at the risk of digression, it may be well here to note how similarly ignorant of the cause that produces a dearth of money among the poor and an excess among the rich, are the contending factions for more or less money. They would secure an equation of supply and demand by endeavoring to regulate the supply of money—control the cause by treating the effect. One side seeing money accumulating,

presumes there is too much, or too much at certain times, and want the volume reduced or placed within their control. And the other side, seeing and feeling the dullness of trade, the cause of which is also the cause of the action of the medium of exchange, they unthinkingly attribute the former to be the effect of the latter, and stubbornly contend for a directly opposite, though not wiser policy. Both policies are closely related, though diverging widely, and each is as capable of success as would be a proposition to govern the annual rainfall by controlling the flow of rivers.

But turning again to our subject. During the various stages of social and industrial growth the demand for products, though always increasing, varies greatly, making what we call good times and hard times. The presence of a surplus product always lessening the demand for labor, hence, tending to reduce wages. But when an unusual demand for products arises, such as would be made by a war, a rapid extension of railroads, the introduction of new or more productive machinery or a great undertaking, even the building of highways on a large scale or maintaining standing armies, though products may be wasted, the increased demand for them will lessen competition for labor, and, therefore, will tend to raise wages. But let this demand cease or even cease to grow—production goes on at an acceleration until the surplus has grown abnormally large, when production ceases suddenly, the cessation of demand propagates itself through the whole frame work of industry and we witness the dreaded panic, stagnation of trade—idle labor, idle land, idle capital and want amidst an abundance of wealth.

At the present time (January, 1900) there is every indication of the coming of a severe panic. The extraordinary demand for products made by the two wars that are being prosecuted in the Eastern hemisphere, which is by far the greatest drain on the wealth of the world that was ever made by war or otherwise, has called out much of the latent forces of production; and when these extraordinary demands cease, the corresponding scale of production will continue, or, perhaps, be augmented for a time by some of the forces that are now only destroying wealth turning to producing it, until a surplus of such great proportions is produced that production will be suddenly checked and exchange completely paralyzed. The severity of the shock will only be augmented by the capitalistic combinations that have been forming at such a rapid rate during the past year, as they only increase the tendency to accumulate

a surplus. These forces will eventually evolve a panic of such gigantic proportions that men who never before felt the necessity of studying social conditions, will seriously doubt the ability of society to endure.

I have here purposely ignored the existence of such things as notes, bonds, mortgages, etc., in exchange, because of the confusion that arises when too many things are considered at once. For similar reasons I have avoided the use of money terms as much as possible. We are apt to forget that when we buy or sell we make but one-half the exchange, that we only exchange for money that we may exchange the money for something else. So it is with the bonds, etc., etc.; they are not things of value in themselves, but a promise to render at some future time something of equal value to that which is received. When they are exchanged for products or land there is really only one-half an exchange made. They are, in fact only a limited medium of exchange.

As the flow of these obligations or evidences of indebtedness is always into the hands of those who command the surplus product in exchange for that surplus, we may see that by such the equation between supply and demand is maintained at a higher level of productiveness than it otherwise would be, and any tendency to reduce the quantity of these must result, while present conditions last, in a lessening demand for products of labor, a check in production, and, therefore, a decline in the power to make the exchange complete—a period of commercial depression.

These credits serve in a manner as a substitute for land in supplying the demand that arises from the desire for riches. They give an elasticity to trade, which, without them, could hardly vary. Though their expansion is perhaps only limited by the value of all property, when we consider that they are almost entirely held and are more strongly tending to be held by a few, we see that, while present conditions continue, their contraction is possible only by the exchange for property which they represent.

Here I cannot resist the temptation to digress in order to call attention to how apparent prosperity accompanies bond issues and extravagant public expenditures, and how the opposite course brings about the reverse conditions. Any one who will carefully read this chapter cannot fail to see that bond issues and wastefulness of wealth tend to make a demand for the ever possible surplus product, and, therefore, employ more fully the productive forces and maintain the equation between supply and demand at a higher level of

production. The annual burning or throwing into the sea of all surplus products would have the same effect. It is because of this that many consider the exportation of more than we import as very favorable to industry. We merely get rid of a part of our surplus which otherwise would have the tendency to lessen the demand for labor. The opposite course, that of greater economy in public expenditures and decrease of indebtedness, does not relieve the market of the surplus product, and, therefore, tends to lessen the demand for labor. And while this policy is unaccompanied by any proposition as to how the surplus may be eliminated from the operations of exchange, it will be contending with the irresistible tendency of trade to seek a balance between supply and demand at a higher level of production. This policy, though appealing to sentiments of morality and justice, is only a negative one, one of opposition to a positive policy, with all the advantages of momentum of thought and customs in favor of the positive one. Sentiment and moral perceptions alone cannot control exchange relations; if Democratic ideas will prevail and its policies permanently displace Republican ideas and policies, they must be accompanied by a positive knowledge of conditions and how they can be modified or controlled. Negation cannot and will not rule. This is a world of force no less than of justice; and might and right have one origin and cannot conflict.

CHAPTER III.

THE REMEDY.

In the previous chapter we have seen how production increased or decreased as the demand for the products increased or decreased, in other words that production was regulated by demand for the product; how increasing demand called out greater productive forces, and decreasing demand, by necessitating a new adjustment of productive forces, brought about the industrial paralysis which is ever recurring. We have seen how the failure of demand for products to keep pace with the ability to supply them while desire is unsatisfied, is caused by the failure of the supply of land or,

to use a more inclusive term, land values to satisfy or supply the demand for them; how this is always tending to produce a surplus product, i. e., a portion of the aggregate production for which there is no demand, and as all surplus products tends, for economy's sake, to remain in that form which is least subject to waste or decay, the elementary form, it gives us the explanation of that hitherto unexplained phenomenon, the persistence of enforced idleness with idle opportunities.

The disease suggests the remedy. What will relieve this condition is as clear as light at noonday. It is: We must take out of the sum of things that are exchanged, that which is not produced and cannot be increased in quantity to satisfy increasing demands; we must confine exchanges to products and the representatives of products; we must confine the exclusive possession of things by the individual, to those things that are produced by individuals and can be increased to any extent within the power of man to modify things to satisfy demand.

To do this is not a difficult task. Nature makes no unreasonable demands. She requires no effort that she does not furnish the necessary strength, asks nothing accomplished that she does not furnish the necessary means, and demands no advance, but she points out the way. When the time came and all the world bowed in submission to a great earthly power, when the grandest and proudest civilization that the world had ever known was in the zenith of its glory, one came who, though the greatest of all, took the humblest position and taught the simple, though sublime, truth of the brotherhood and equality of man that was to be realized, which spreading over the known world and having become engrafted upon the thought of the world during the decline of a temporary power, was when the dark hour came and association was broken up, the cherished truth that beat back despair, and is the beacon light of the new civilization. And when it seemed that man's hopes were in vain, that all our efforts at bettering the condition of mankind on earth were futile, when the veriest savage seemed better off than many in the most highly civilized societies, she sent one who pointed out to the whole world, why this condition was and how it could be altered, even though he did not clearly diagnose its cause and the effects of the remedy.

We can take land out of the circle of exchanges without disturbing the ownership of things in the least. Nature builds up nothing that must be torn down. We have not to clear

away to build; we have but to readjust forces and leave them free to act. We can take land out of the circle of exchanges by taking its value for the expenses of government in lieu of all taxes. This can be done by simply increasing the present tax on land and abolishing all other taxes. We can see this more clearly and fully if we first consider the nature of the value of land.

Land cost man no effort and, therefore, can have no value in itself. Considered in a way—that of being absolutely necessary to human existence—it is, of course, invaluable, or only to be equaled in value by human life. But this is not the way we are here considering the value of land, but only that value that attaches to land which we exchange. It is not in the fertility of soil or richness of minerals alone that this value lies, for the most barren lands, in this respect, have sometimes the greatest value. The most fertile land will hardly produce twice as much as the poorest land in use, yet some land is worth a thousand times as much as other land. The land of St. Louis is not more fertile than the land of a country district; yet the land of St. Louis is worth many thousands of dollars per acre, while the land of a country district can be had for ten to twenty-five dollars per acre. Nor is it the costly buildings in St. Louis that makes her land so valuable; if all the costly buildings in St. Louis were, by some kind of magic, transferred to Phelps county, they would be only an incumbrance to the best use of her resources. It is the value of St. Louis land that caused the erection of her costly and elegant buildings. This value arises from the demand for its use which is so intense that tier upon tier is built and the same area used as much as ten or twelve times. In a country town the most valuable space is very often used but once, and a three-story building is an unusual sight.

It is the great demand for the use of land, that gives it high value—the fact that the same quantity of labor will produce more value when exerted on one location than on another. The value of land arises from the co-operation through the exchange of products; the wider and more varied are the exchanges, the greater is the variation of land values.

Occupations varying in the surface area needed to engage in them and the necessary proximity to other occupations, distribute population unevenly over the earth; and as all production is for the use of some one, and all ways of communication and transportation tend toward common centers, all products that are not used at the place of production tend

toward the most central point of demand for that product and thence outward in obedience to any particular demand. So there is some point that is the greatest center of exchange for any particular product, i. e., the greatest center of distribution, which is also the greatest center of demand for that product. And there is also some point that is the greatest center of exchange for all products. Here, of course, a greater number of exchanges can be and are made with but little greater expenditure of labor on the same area that is necessary in the lesser center. Therefore labor exerted here will produce more value or will add the same value to a greater number of things. The same stock of goods will be sold more quickly in the greater than in the lesser center, therefore more value is produced; and this value attaches to the location—that particular part of the earth's surface—because of its availability to greater numbers.

And within each center locations vary just as they do between centers. In any particular occupation the location nearest the center of demand for its product will have an advantage over any other location, measured either by the difference in cost of transporting the product to that center, or, if the occupation be exchanging, (storekeeping, etc.) by the difference in the number of persons that will find it the most available location to satisfy their needs. Thus, for instance, if A produced 1,000 bushels of wheat on a location from which it costs only 5c per bushel to get it to the center of demand, for wheat, where he receives \$1.00 per bushel, he receives, net, \$950.00; while B produces with the same expenditure of labor, the same amount of wheat, on a location from which it costs 15c per bushel to get it to that center and receives, net, only \$850.00. It is clear that the former location is worth \$100 per year more than the latter. Then taking the occupation of exchanging: A, on the best location exchanges (buys and sells) \$50,000 of goods per annum and the difference between the cost and selling price is \$10,000; while B, on the poorest location, sells only \$10,000 worth and the gross profits are only \$2,000. While different quantities of labor are required, that difference is in no way proportionate to the difference in the profits, and leaves a great advantage, perhaps to the value of \$2,000, to the best location.

Any one wishing to raise wheat could give \$100 per year for the use of the best land and make as much as he could from the poorest location were he to get it free; and a merchant could pay \$2,000 per year for the best location and make as much as he could upon the poorest were he to get it free.

But it may be asked, in the latter case, why does not the merchant on the best location, sell cheaper and supply all the demands? Because, first, as with the farmer on the best location for raising wheat, he is not able to supply all demands; and, second, his location is not the center of all demands, but only the center of the larger portion of them; therefore he will demand just as much profit as he can, which is the least for which one with the poorest location can sell for. This principle applies to all occupations. The manufacturer will seek the location that will place him closest to the source of his supply and the center of demand for his product. The miner whose mine is nearest the center of demand will have an advantage over other miners just as the farmer or trader has.

The poorest location in use for exchanging may have a high value for other uses, such as space to live on (residences) or some form of agriculture, the different gradations of which call for different locations with respect to the center of demand. But the variations in value of location become less as the occupations become less intense or require greater areas and less proximity to centers, as, for instance, between the different locations for exchanging there may be a difference in value of a million dollars per acre, while between the best and poorest locations for raising live stock or wheat there is only the difference of the cost of transportation, which with wheat the greatest is not more than 25 cents per bushel; and counting the average yield as 15 bushels per acre the difference is only \$4.50 per acre. The difference in value for stock raising is even less. There is a much larger difference in the value of farming land than this, but it arises from differences in natural fertility and social advantages, and is very small compared with differences in value of land of commercial centers.

For the purpose of considering the nature of the value of land, I have taken the two occupations that make use of the extremes in valuation of locations - that of exchanging and that of wheat raising. The commercial or exchange value of land is the annual value computed or capitalized at a rate per cent somewhat less than the current rate of interest because of the constant tendency of land to increase in value, which is a natural consequence of an increasing population. Thus, taking the two locations for exchanging in our former illustration, the exchange value of the best location would exceed that of the poorest to the amount of a sum that at something less than the current rate of interest

would yield \$2,000. And the poorest location for exchanging would exceed in value inferior locations for less intense uses in the same way, the simple law of supply and demand fixing this difference.

A growing population making a greater demand for locations, the annual value or earnings is always increasing, and this prospective increase is discounted in the exchange value of land. This explains why land values yield a less per cent than does capital; it would do so, even, were its annual earnings multiplied ten or a hundred times. But the point that is particularly necessary to emphasize is, that the commercial or exchange value of land is reckoned from the annual earnings, and not the annual earnings from the exchange value; and this annual value, which is the annual earnings, is merely the value of the advantage of a location over other locations because the use of this location by labor adds this extra value to the aggregate value of things produced.

If more than the annual value of any location is demanded for its use, it will be more profitable for the prospective user to employ himself on a less valuable location, although that will lessen the aggregate production. Using the former illustration, if the owner of the best location for exchanging demand more than \$2,000 more than the poorest location can be had for, it becomes more profitable for any one except the owner to use the poorer location. And if the owner of the best location for raising wheat demand more than the difference of value in use between that and the poorest location, it also becomes more profitable to use the poorer location, though the production of value is much less or requires a much greater effort of labor. In each of these instances, we see that if more is demanded for the use of a location, either annually as rent or capitalized as exchange value, than the value of the advantage of its use, inferior locations will be resorted to at the expense of greater production, which clearly explains why so much valuable land is unused or only partially used. And it is equally clear that greater production will result from the fullest use of the most valuable locations, for it is in the potential productive-ness of a location that lies its value.

Now, since the commercial value of land, the basis for tax levying, is the capitalization of the annual value, if we levy an annual tax on the commercial value of land at a rate high enough to amount to all or nearly all the annual value, we will take land out of the circle of exchanges, for the simple

reason that there will be no value left to exchange. The rate of taxation should be somewhat less than the current rate of interest if the assessed valuation be the full commercial value of the land; but the main point is to take as near as possible the full annual value of the land. If more is taken producers will resort to inferior locations and the government as well as the individual will lose; therefore, it would be to the advantage of all to take less, rather than more, than the full annual value; but if too little is taken land will have an exchange value and, hence, will be exchanged. But we see that one rate would be equitable for all land. The rate would be not on the annual value, but upon the commercial value, the capitalization of that value. Any location that has an advantage over any other location in use, has the expression of that advantage in its value; and the same rate that would take the full annual value of the most valuable land would take no more than that value of the poorest land.

By taking something less than the annual value (not the annual earnings, but the power to earn) whether used or not, we would compel the fullest use of the most valuable land, leaving only the least valuable land idle. The owners would in no way be enabled to increase the amount they could get for its use, for the same relative value of the different locations would remain, and, if the owner demanded more than the difference in value, his land would be left idle and unproductive and he would have to pay the tax to the government just the same, a transaction that would soon induce him to put his land to its fullest use or give up the title to some one who would. This would reduce the value of a great deal of land, because when the most valuable land is used to its fullest capacity, there will be much less demand for poorer land, and, consequently, it will have less value; and that for which there will be no demand will have no value. And by leaving a small part of the annual value to the owner, even one per cent, it would be an inducement to the use of the best lands, and need not be more than enough to cover the cost of collecting rents.

Of course, not even the most radical single taxer would advocate the collection of more revenue than would cover the legitimate expenses of government. Nor is it probable that the greatest amount that could be properly raised by the single tax, as this system is called, would exceed the present sum of taxes. But while such a system of raising revenue would greatly simplify the functions and reduce the expense

of those functions of government, the legitimate functions of government might be extended almost indefinitely—schools might be extended, roads built and other things which the mention of these will suggest might be done if the revenue from the value of land would permit.

The application of the single tax would effectually eliminate land from the sum of things exchanged. This is clear to any one who is reasonable enough to make an independent investigation; but will it also make an excess of supply of products impossible? Here we come across a stumbling block to the acceptance of the single tax by a large number of well-meaning people, a misapprehension as to the effects of its operation on the distribution of wealth produced, which has come into general acceptance. Yet it is plainly not in accord with natural perceptions; but it has turned efforts in other directions for relief from what seemed to require direct treatment.

In the present state of society, where few own practically all the wealth, if we do eliminate land value from the sum of things exchanged and the effect is to increase interest, as Mr. George taught, will it not enable some to command more of the aggregate product than will be necessary to supply their needs? And, consequently, will there not be a possible surplus products and idle laborers competing with one another for the privilege of working for some one, which will drive down wages?

This is the essence of the objections that are offered to the claims of the advocates of the single tax; and it has with it the force of logic, but it is the logic of error—error not on their part, but on the part of the single taxers themselves. To claim that interest, the earnings of wealth used in production (capital) would rise with the increase of production and more equitable distribution of wealth, is to deny the universal law in political economy of supply and demand. It is ignoring a truth that is self-evident when viewed independently. And after all, the truths that we discover and explain after ages of toil are the simple though ill-understood truths that we naturally perceive.

We can only speculate as to how Mr. George came to this erroneous conclusion. It is to me only an evidence of the immutable order in nature. The time was not yet ripe for the application of his reform, the peculiar conditions that impressed him presented the question to him in this way, and he with his wonderful intellectual powers presented it to the

world in a way that challenged admiration, and, up to the present, successfully defied contradiction.

But truth will grow. The resistance it meets only clears it of impurities; and when free from error, it is irresistible. Mr. George undoubtedly did his work well; he sowed the seed of truth as he received it from nature. Though it has spread its branches and struck its roots deep, it must be separated from error; and on soil ever growing better it cannot be long in maturing a bountiful harvest.

But let us review the laws of the distribution of wealth in order to make sure this error. Let us review briefly but carefully the laws that determine what part of the aggregate product goes to each of the factors to its production.

CHAPTER IV.

THE LAWS OF THE DISTRIBUTION OF WEALTH.

All economists agree that there are three factors in the production of wealth—land, labor and capital—and that the product or wealth produced is divided between those factors by the operation of natural law. But in the classification of those factors is a fruitful source of error. It is said, "that combining in thought what is separated by nature is the source of all error;" but it is equally productive of error to separate in thought what is combined in nature. While we may make numerous divisions of the factors or forces, which in production are the same, they are divided by nature into only two general and distinct classes, namely, land and labor—the material forces and properties of the universe exclusive of the subject whose relations we seek (man), and the powers and capabilities of that subject. Mr. George recognized this, but, as he said, in deference to usage he treated the production and distribution of wealth as tripartite instead of dual.

The essential element of man is not his physical powers, for these can be and often are substituted by other forces, but the intellectual powers that direct and govern the exertion of physical force. Tools and instruments are only the separable extensions of the inseparable physical powers of

man; and the comforts and conveniences of life are means of maintaining and economizing the inseparable powers. Therefore, capital is properly only a subdivision of the factor labor—the powers of man, since it is only an augmentation of his powers. So in considering the distribution of wealth, we will first consider the two principal factors, land and labor; and then we will consider the latter factor in its two divisions, the separable and inseparable powers of man; which is, I believe, the only proper way to consider these factors. And the term “wealth” I shall use in the well defined sense that Mr. George used it, namely, the product of land and labor or that which has value from production, i. e., products.

The divisions of wealth corresponding to the factors of production are, rent for land, wages for labor and interest for capital. But land and labor are the principal factors and are indispensable to production.

Rent, that part of the product which the owner of the land can get for its use without any exertion on his part, depends on the advantage which any particular piece of land offers to the user over the best land that can be had for nothing. And, of course, the compensation for human effort must be the remainder or what is equal to or can be obtained from the best free land. This is so simple that no illustration is necessary.

Rent arises from the construction of the earth and the natural growth of society. The fact that the same effort will produce more value, which is the only consideration in modern production, upon one piece of land than upon another enables the owner to demand and the user to give the excess of value produced as rent. It arises not so much from a resort to inferior lands as from a greater or more intense use of the best land. Poorer land does not necessarily mean of less fertility, but less available; for in this age of exchanging, proximity to demand far outweighs fertility of soil; and distance from markets is measured not so much by miles as by money.

The rent of any piece of land is the excess of value that can be produced upon it over what can be produced upon the poorest land in use with the same exertion; and, of course, rent in the aggregate is the sum of the rents of all land. Rent is identical with the annual value of locations, which is described in the previous chapter. Within certain limits it can be reduced or increased. It cannot be reduced below the excess of annual value that is above the poorest land

that a society must resort to to supply their needs; and it cannot be increased beyond the excess of annual value over the poorest land upon which the human forces to production can be maintained. While the greatest production would result from the use of the best land exclusively, as the tendency of all is to increase their income, the land owners cannot resist the temptation to demand more and more for the use of their land, which causes a resort to inferior, that is less productive lands, leaving much of the more productive lands idle or only partly used, decreasing production and reducing the compensation for human powers to a bare subsistence for the lowest orders. And, though this increases particular rents and rent potential, it reduces rent in the aggregate; for actual rent, like wages, must vary with production.

Having seen what portion of the aggregate product is rent and how that portion is determined, we have necessarily found what portions belongs to the other factor, human forces. When there are only two parts to be made of a thing, the law that determines what portion one part is, must also determine the other part; therefore having the law of rent, we have also the law of wages and interest combined. As rent increases the other portion decreases, and as rent decreases the other portion increases; and both increasing or decreasing as production increases or decreases.

Now, by the same method we may find the law that determines what portion of the compensation for human forces belongs to the owner of the inseparable powers, labor proper, and what part belongs to the owner of the separable powers—capital. The law that determines the rate of interest must determine the portion that is left as wages, or, in other words, the law that determines the portion that labor must give for the use of capital, will determine what remains for labor, just as the law that determines what portion is given as rent determines also what portion remains as compensation for labor and capital. As to what capital is, there is much contention. From a certain standpoint we might consider all wealth as capital. If, when we speak of production, we have in mind the final and permanent results of man's efforts, in the production of which wealth is produced, distributed and consumed—the acquisition of knowledge and power—we might consider all wealth as capital. But it is not in that sense we wish to analyze the production and distribution of wealth. It is in this particular instance only to find the law that determines the rate of interest. Therefore the term capital is only to distinguish that part of wealth which earns interest

from that part which does not. It is from not keeping in mind the object of capital, or rather the object of the term, that so much contention arises. From the very unity or oneness of things analysis of any abstract question is impossible unless we first make a distinct division in mind of the parts or elements, and then, always observe that distinction. We must observe the distinction between land and capital; also between inseparable human powers and capital, and between wealth which does not earn interest and that which does, for this reason. No matter how like one division is to another from certain standpoints, if we do not always observe the original distinction throughout the whole inquiry we make satisfactory conclusions impossible.

But much of the confusion in regard to capital arises from a misconception as to what capital does. And much undue importance is given to capital because of such beliefs as, that capital employs labor, that wages are drawn from capital and that the quantity of capital limits labor. The idea that capital employs labor and kindred ideas are rapidly giving away before prejudice more than from a thorough understanding of fundamental principles. They still crop out in such form as the belief that labor is oppressed by capital. But the remedy mostly relied upon for this is similar to Schopenhauer's proposed relief from the pressure of desire, namely, its extinction.

We must remember that capital of itself can accomplish nothing. It cannot, strictly speaking, even aid labor, as some say; but by using capital, labor can greatly augment its power in production. And, though capital cannot employ labor, the capitalist can; but the capitalist is not capital, he is labor. He can employ other labor to aid him in using his capital in production, or he can let another use it, but in either case it is labor that employs capital, if we can properly use the word "employs" in that way. And what we want to find is the law that determines how much on the average the capitalist will receive after deducting all expenses including compensation for his services, or, if he lets another use it, how much he can demand and the other will give for such use. Therefore, the object of the term capital is merely to distinguish that part of wealth that is used by some other than the owner, or used by him not for immediate satisfaction, but in the production of wealth, that part of wealth that earns interest. Capital truly is, as Mr. George tersely describes it, "wealth in the course of exchange."

Though Mr. George clearly describes what is capital and what it does, when we come to his explanation of the cause and law of interest, vagueness displaces clearness. In seeking the cause of interest, he observes that it is high when and where wages are high, and low when and where wages are low. He infers from this that each arises from the same cause, that of low rent, or an abundance of free land. But it is clear that, though there can be no doubt that this is a cause of high wages, if there were more capital at command than the available labor could profitably use, the returns for the use of capital, interest, would decline in spite of an abundance of free land.

He notes that interest is higher in new countries than in older ones where production is greater, and shows that the rate of interest does not depend on the productiveness of labor or the increased power in the use of capital, nor upon the cost of labor—wages. He carefully examines point after point that have been raised by various economists in regard to the cause of interest. He disputes Bastiat's claim that the basis of interest is in the increased productiveness from the use of capital. He says:

"If the power which exists in tools to increase the productiveness of labor were the cause of interest, then the rate of interest would increase with the march of invention."

But this reasoning is not valid; the rate of interest certainly would increase with the march of invention were the supply of tools limited, or inadequate to the demand for them. After rejecting one after another of the reasons cited, he takes as the cause of interest, the utilization in production of the vital or reproductive forces of nature and the exchange of products—to quote his own words ("Progress and Poverty," page 168):

"Thus interest springs from the power of increase which the reproductive forces of nature, and the in effect analogous capacity for exchange, give to capital. It is not an arbitrary, but a natural thing; it is not the result of a particular social organization, but of the laws of the universe which underlie society. It is therefore just."

Mr. George's error springs from the tacit and, no doubt, unconscious assumption that capital is a co-factor in production with land and labor, which idea he afterwards rejects. He sought to give interest a basis in that power of nature that alone makes production possible. The vital or reproductive forces of nature is the force that man utilizes in all production. Even the minerals and various earths were gathered

into the convenient bodies in which we find them by a force that is analogous in production to the principle of life. It was this that the Physiocrats thought gave rise to rent, as explained by Mr. George in his "Science of Political Economy." But their mistake was only something more than his, for it no more gives rise to interest than it does to rent. It is simply the origin of all production, the process by which matter assumes forms suitable to man's uses.

There is no more reason for me to give a high rate of interest for the use of one bushel of corn which may yield 500 fold, than for a savage having only crude weapons to give a high rate of interest for the use of a modern firearm which might increase the result of his effort equally as great. Each instance presupposes a scarcity of capital. If I had the only one thousand bushels of corn in the world, I might demand and receive two or three thousand per cent interest for its use; or, if on an island cut off from communication with the rest of the world, where the inhabitants lived by hunting, one possessed the only modern firearm and there was no immediate means of producing another, he might demand an equally high rate of interest for its use, or, what would be the same thing, he could demand the usual rate of interest on an enormous capitalized value. The same principle applies to both species of capital, that of inanimate matter as well as that which contains the germ of life. One is no more the cause of interest than the other. In fact they are but different stages of the process of production. That one is the result of the action of the vital forces of nature acting through ages and the other of possibly only a few months, makes no difference. Planks and timbers, iron and clay are as much products of the vital principle as wheat, yet it would seem Mr. George would not class them as such. The fish in the ocean is as much a product of the reproductive principle as the sheep or the cattle; yet he would not say that the utilization of that principle in the production of fish, caused interest; but the only difference in those two kinds is that the fish required no care while the sheep or cattle did, which of itself would make the fish more the cause of interest than sheep or cattle, for the value of the sheep or cattle would be partly of labor required to care for them, the fish requiring no care.

It is clear that the cause of interest is not in the utilization of the vital or reproductive principle in production. It is not so deep. It is merely the scarcity of capital, as measured by the demand, that causes interest; interest is high or low as capital for use is scarce or plentiful. Not the scarcity

or plentifulness of some forms of capital, for that only increases or decreases the exchange price of that form, but of all capital or capital generally. Interest is the price that can be demanded for the use of capital, through the operation of the law of supply and demand.

But it may be asked: "Why, in the face of the phenomenal increase in the power of producing capital, does not interest decrease more rapidly?"

Let it be remembered that the power of producing capital is not capital and, therefore, cannot affect interest. The power of producing capital can no more affect interest than the power of producing food can appease hunger. In our co-operative system of production, it is not desire, but demand* that causes productive forces to move; and there is, ordinarily, but little capital produced, in excess of the demand. The demand for capital is so variable that at times it requires the employment of nearly all available labor to satisfy it; and at other times, when demand is checked and production not readily responding to the decreasing demand, there is a quantity very far in excess of the demand. But the rate of interest is not fixed from day to day, but, in many cases, for very long periods of time, and when there is an excess of capital there is usually little demand for it at any rate, production ceases until demand is again felt, when, of course, custom and usage suggests the usual rates. Confidence in the re-establishment of an equilibrium prevents the full play of competition of capital seeking investment, which would be exhibited in a rise in the price of bonds, etc. This equilibrium is finally restored through the inevitable decreasing production, thus reducing the supply of wealth and, therefore, of capital to an equation with demand.

Most capital, as well as all other property, is owned by those who under the present conditions do not feel the necessity of effort, and, therefore, do not use their powers, either separable or inseparable, in production; and they would not accumulate capital were not the satisfaction of a desire offered—the desire for riches. That the passive factor of production (land) having come into the possession of a comparatively few, whose ordinary desires for products being satisfied,

* Demand, as I have previously explained, is the ability and willingness to render an equivalent in value. To have this ability, independently of another's desire, each must have equal access to natural opportunities; because man can create nothing.

would not utilize this factor or force further were it not for this desire (to be rich) which is looked upon as abnormal, is the cause of the persistence of interest admits of no doubt.

As to interest being natural—were it not it could not be; but it is only natural as an effect. It is the result of a particular social organization, at least it is affected by conditions. And the justice of interest—that goes with the right of ownership of capital. Interest is only the result of a mutual agreement between the owner and the user of capital. The various rates of interest are the effects of conditions, the premiums that are necessary to induce a sufficient accumulation of capital to supply the demand. And if the conditions were such that the owner could demand nothing for its use, only its replacement, or, perhaps, would have to pay something for its preservation, such an arrangement would be equally natural and just.

But those who seek to abolish interest by legislative enactment should know how well it is that they cannot. Not to speak of the hardships to the prospective user of capital, who would be put to greater expense to get capital as we destroyed the incentive for the capitalist to seek a use for his capital, its effect on production would under the present conditions be appalling. When we consider the relation of interest to the exchange value of land, we may see what would be the result of the abolition of interest, were it possible, while land is the exclusive property of individuals. Consider for a moment what would be the exchange value of land, i. e. how much other property would land exchange for would that property earn nothing? Remember that rent is not affected by the rate of interest; but rent is to the exchange value of land as interest is to capital. Then take land of which the annual rental is \$100, and with interest rates at zero or 00 per cent, find the exchange value of that land. Would it not be infinite? With interest abolished exchange would lose all flexibility, land would not be exchanged for any other kind of property, capital would not be accumulated and production would be carried only as far as would satisfy the immediate desires of the owners of land, with the result that all others must beg, starve or steal. But such a condition is highly improbable, if not absolutely impossible, but only because man's power over nature is not sufficient to arbitrarily abolish interest.

Most interest is interest for a loan of money, but it is not really money that we borrow—money here as elsewhere playing the part of medium—but the wealth which we exchange

the money for. It is much more convenient for the borrower to borrow a sum of money and exchange that for the various forms of wealth he may desire, than to borrow the different articles directly. And it is much more convenient to both borrower and lender that the prospective lender, instead of having various articles to lend, have the common medium, that which will readily exchange for all articles of wealth. Eliminating the cost of agencies and insurance against loss, if interest is higher at one place than another, it is because of the tendency of money to flow towards the centers of wealth, to follow wealth, especially when supply ever tends to exceed demand, and the difference in cost of loaning and collecting between large and small quantities, corresponding to wholesale and retail in trade.

But turning to the law of interest, on page 279 of "Progress and Poverty," Mr. George, holding that the relation of wages and interest is one of ratio or proportion and not of opposition, says:

"It is impossible, perhaps, to formulate this point," (the point at which the reward for labor and capital will be equal) "as wages are habitually estimated in quantity, and interest in a ratio; but if we suppose a given quantity of wealth to be the product of a given amount of labor, co-operating for a stated time with a given amount of capital, the proportion in which the produce would be divided between the labor and the capital would afford a comparison."

Mr. George here speaks of wages being habitually estimated in quantity and interest in a ratio. Is it not clear that wages are estimated in quantity because of their being a portion of the product? And the ratio of interest is a ratio or proportion of not the product, but the value of the capital used. Then he speaks of labor co-operating with capital; but labor does not co-operate with capital, it merely uses capital. Capital has no power of itself to act, hence, labor cannot co-operate with it. Mr. George, no doubt, had in mind when he spoke of the co-operation of capital with labor, the reproductive forces of nature; but these do not co-operate with labor, labor merely utilizes them. They have only the power to increase in quantity, and in their utilization by labor, alone, is the source of their increase of value.

After dwelling at great length on what he terms the relation of ratio or proportion of wages and interest, he sums up the law of interest as follows:

"The relation between wages and interest is determined by the average power of increase which attaches to capital

from its use in the reproductive modes. As rent arises, interest will fall as wages fall, or will be determined by the margin of cultivation."

Mr. George himself furnishes the basis for the refutation of this "law" of interest. In his *Science of Political Economy*, which, by the way, is a work that bears evidence of great care and precision, he shows how wealth, which includes capital, derives its value solely from the impress of labor; yet in this statement of the law of interest, he speaks of the power of increase of capital. Evidently, he had in mind the power of increase in quantity; but no one would know better than Mr. George, were his attention called to the fact, that not the quantity but value is the only quality considered in the present system of production. In one of those lapses of intensity of thought, that is characteristic of genius, he confounded quantity with value. Though much of capital has the power in itself to increase in quantity, an increase in quantity does not necessarily imply an increase in value. It is well understood that past a certain point, an increase in quantity, where the reproductive principle of nature is used, does not only not cause a commensurate increase in value, but actually results in a decrease of value; for the liability of this class of capital to decay and decline in quality after being produced, not infrequently causes the entire annual production, when that production is excessive, to be of less value than would a much smaller production. Capital of itself has no power to increase in value. Such capital as plants and animals can have value only from scarcity or from the labor necessary to produce them in sufficient quantity, just as all other capital.

Interest, then, the price that labor must pay for the use of capital, is determined by the general scarcity or plentifulness of capital seeking use; not at any particular time, but time generally or on the average. It is the premium that is necessary to induce those who command the forces of production and have no desire for capital to use, to move those forces to produce sufficient capital to supply the demand for its use.

Having found the law that determines what portion of the aggregate product must be given as rent and interest, we have necessarily found the law that determines the portion that remains for wages—the compensation for the natural and inseparable powers of man. This quantity, under all conditions, must depend on the energy and industry of the laborers, and is divided among them by the natural law

of supply and demand. The labor that requires various degrees of skill, talent or genius, will be recompensed according to the scarcity or plentifulness of such qualities.

There seems to be a tendency to exclude mental capabilities from the factor labor, and class them as capital. This arises from not understanding the real nature of labor. In even the lowest forms, labor is not so much physical as mental. The physical powers of man are, indeed, trifling compared with the forces that are called to aid them. The element of labor is the power of direction, the mind or spirit. If we exclude mental capabilities from the factor labor, we will have only a piece of inanimate matter as destitute of power as a stick or stone. And if we were to class any human qualities as capital, we could much more consistently class the physical powers as such than the mental, for the physical powers are much more closely allied to actual capital than is that higher quality.

CHAPTER V.

THE EFFECTS OF THE SINGLE TAX.

The conclusions we have reached in regard to the laws of the distribution of wealth, differ from those reached by all accepted economists. Yet, when once pointed out, their simplicity compels assent. The simplicity of the law of rent has compelled its acceptance from the time of its formulation; but as to the law of wages and interest there has been much contention. Mr. George's formula of the law of wages with interest included is equally simple and plain, it being only a natural inference from the law of rent; but in seeking the law of interest, he abandoned simplicity and formulated a law of interest that no amount of reasoning can give the certitude that attaches to the law of rent and wages. It is, in truth, totally baseless.

The law of interest, as formulated by Mr. George, is shown to be clearly wrong. While, as we have seen, the true law of interest is so easily comprehended that all doubts as to its correctness are dispelled. It makes a division of that part of the product which is left after deducting rent, just

as the law of rent divides the whole product. Although it has fallen as a proportion with wages, with the rise of rent, it has been from a different cause. Wages fall or rise as rent rises or falls, but interest rises or falls as the supply of capital falls or rises in proportion to the demand.

Now, what would be the effect on the distribution of wealth, of the application of the "Single Tax," as the taking of land values in taxation is called?

ON RENT.

We have seen in Chapters III and IV of Part 2d, that the annual value of land is identical with that division of the product denominated rent, and that the commercial or exchange value of land is calculated from the annual value; therefore taxing land to the extent of its annual value will take this part of the wealth produced—rent—for the needs of government. We have also seen, in Chapter III, how by taxing land we would make the competition for the use of the best land so intense that only the poorer land, but much more of that, would remain idle; and as the rent line is at that point of productiveness at which there is no competition, rent would be reduced to the lowest possible quantity with the degree of production—the difference in value between such lands as society must resort to to satisfy their needs, instead of, as now, the difference between the value of the best land and that on which the human factor can be maintained.

ON WAGES AND INTEREST.

Wages and interest, as one division, being the necessary corollary of rent, what reduces rent must increase this portion. Therefore, the Single Tax, by causing the concentration of labor on the most productive lands and leaving the less productive free of access, will not only increase this portion by raising the line that divides rent and wages, called by economists the rent line, but also the greater productiveness of labor that is due to closer association. And besides this, wages would be increased by the transfer of taxes from the various subjects and objects, as at present levied, to land; for, at present levied, they are very largely paid out of wages. Taxes on capital, which in various ways constitute the larger part of present taxes, are ultimately paid by labor, because, operating as a penalty to the production of any excess of capital, they lessen the production of capital, and, therefore, the

competition of it for use, compelling the user of capital (labor) to pay not only the tax, but an increased interest on its account. I speak of rent, wages and interest only as portions of the aggregate product, and not as expressed in terms of money; but, of course, under any monetary conditions the relative amount in money terms would correspond to the portion of each.

ON INTEREST.

The true apprehension of the law of interest overthrows the accepted idea that the single tax would increase the rate of interest. It is an unavoidable deduction that it would operate to reduce it. Interest being governed by the relations of demand and supply of capital, let us first see how the single tax would alter these relations.

The demand for capital in the shape of stocks of goods, factories, tools and instruments of production and exchange would, of course, increase with an increased production, but it would in no way be commensurate to the increased production; for it is an axiom of economics, that the greater the scale of production the less proportionately will be the capital required—this is true also of labor. While the demand for capital in this respect would increase, it would greatly decrease for such forms as homes and furnishings, which now constitute a very large part of the aggregate capital. The increase of wages together with elimination of the commercial value of land would enable any workman to own and furnish a home of his own. By doing this, a large part, perhaps one-half, of what is now capital would cease to be capital; it would become wealth, and would earn no interest. This lessening of demand for capital would far outweigh any increased demand for stocks of goods, factories, tools and instruments of production. So we see that the demand for capital would be greatly lessened.

Now that the supply of capital would be increased seems to require little illustration. Not only would the increased production increase the supply of capital, but much of what is produced and is now consumed in ostentation, and, perhaps, dissipation, would, of necessity, be used as capital. It is, in truth, from something like necessity that wealth is consumed in dissipated living, and the dissipated consumer is really more to be pitied than censured. The magnificent style of living indulged in by the enormously rich, would be impossible were rent taken for public uses; for perhaps one-half

of the income of the large leisure class is from ground rents. And, taken as a class, if their incomes were reduced one-half their habits of living would compel them to exert themselves and use their capital to the fullest extent in production; thus not only inducing, but compelling the greatest use, and, therefore, the greatest competition of capital. In short, the effect of the single tax would be to increase the production of wealth and compel the most economical use of it, thereby leaving the fullest amount necessary for use as capital.

Summing up, we see that it would operate to lessen demand and increase supply; therefore it would reduce interest. The competition of capital for use would be fiercest with that owned by the leisure class, for that would be their only source of income. Where capital is used by the owner, the income being both wages and interest, any decrease of interest resulting from the competition of capital could result only in an increase of wages, and would not affect income. But with the capitalist only, a decrease in interest would be a decrease in income; and the greater the decrease, the fiercer will be the competition of that capital for use, which would eventually compel the capitalist to use his own capital.

That interest would sink to zero is not a reckless guess, but a logical deduction. That interest does tend to decrease, even now, is most obvious to any one. In the simplest analysis of the subject, we may see that interest persists only because that, in the present distribution of wealth, any excess of wealth is always accumulated in the hands of those who will not because they need not exert themselves to use it; and, of course, it would not be accumulated were not the satisfaction of a desire—the desire for riches—offered. Under the present adjustment, through this desire alone will the productive forces move to produce sufficient capital to supply the demand; hence, we have, and while these conditions last, will have interest.

Interest is not necessary to induce accumulation of capital, as some may think. The increase in the power of production from the use of capital is a much greater inducement to its accumulation. Interest is only the inducement for the accumulation of capital by those who do not want to use it. Nor is the advantage in the use of capital the only other incentive to its accumulation. People habitually save up for future use or the expected rainy day, and this is a constant fund of capital for use by some other than the owner.

I do not mean to say that interest would be entirely eliminated, for in form it will always exist, but it would be

really wages for the transfer of capital. Merchants reckon their earnings as such a per cent of their sales; so would bankers reckon their wages as such a per cent of their loans. I mean that as a division of the aggregate production, interest would cease. And the conflict between capital and labor would be—only a memory.

ITS GENERAL EFFECTS.

The Single Tax would make of the aggregate production of wealth two natural divisions—rent and wages. The former at its lowest possible quantity would be taken to meet expenses of government, in lieu of the present taxes, and the latter would go to each in the proportion that each contributed, the law of supply and demand fixing the portion. It would take nothing from any one. It would sanction present titles to both land and wealth, only taking of the former the annual value due to the presence of organized society, which would make it impossible for one to receive from another anything for its use, and would be only conforming the right of possession to the rights of all proclaimed by their existence, the equal right of all to the earth. It would leave what of value each produced to the producer, untaxed and to be done with as he pleased, so the rights of others are not transgressed.

It would abolish all hurtful trusts and capitalistic combinations by removing the conditions that make them possible. They depend, primarily, on the power to monopolize the source of the product, and secondarily, on the increasing tendency of capital to concentrate; and both of these the single tax would effectually remove. Only such combinations would be possible, and only as far as economy in production would warrant.

It would banish the tendency towards the centralization of power, which is ever growing and which destroyed all previous civilizations. Centralized power in all times and places is based upon and supported by the possession of land—the most valuable centers of exchange. By taking this value in taxation, we destroy the basis of centralization, and diffuse political power. Forms of government would adjust themselves to the new conditions, and need not be bothered much about. A Republican form of government can be Republican only in form while the basis of political power (land) is private property. And monarchies cannot long survive when

we take this away. While standing armies and public debts would be the most patent absurdities.

It would raise the mere laborer above the embruting and distorting fear of want, and would place within his reach the opportunities of mental and moral development; and in this way would cure the vices that are the accompaniments of poverty, which is of mind more than of body. It would, also, raise the leisure class above the, sometimes as distorting, necessity of devising ways of uselessly employing their faculties. It would, in short, establish between men the primitive equality and self-dependency with all the advantages and powers that have been acquired through ages of progress, compelling all men to bow to the edict of nature,—the primeval curse which is by progress turned into a blessing—that “man shall eat bread by the sweat of his brow.” It would compel all men to exert their powers in order to satisfy their desires.

We would be rid of both extremes of society, the idle poor and the idle rich, who are a menace and danger to not only each other, but all society. We would have tamed greed by abolishing want, for greed is but the other's reflex.

It would not, as many suppose, lessen the incentive to endeavor; if altered at all, it would be increased. Instead of pursuing wealth, as men one day did power, † excite admiration, or, perhaps, envy, which in all time has been the real object of endeavor, men would strive to outdo one another in acquiring knowledge and the power that comes of it. Wealth would be pursued not as an end, but only as a means; but the end sought would make the production of wealth progressively easier. It would throw down the barriers to wealth and the satisfaction of material desires, that have, no doubt, been powerful incentives to the effort of progress; but it would raise up before mankind the true goal of human progress—the infinite marvels of nature—to know of the Creator as far as it is possible through contact with this world of matter and energy. It would cause genius and talent to multiply, perceptions to deepen and reason to reign supreme; and would ultimately awaken in all mankind that full consciousness of self, of the indestructible entity that really constitutes man, which, perhaps, only a few feel. It would bring about that reverent feeling, the desideratum of all religionists, which in this age of transition from believing to realizing can only come from the triumph of reason, which is not so much the conquering of nature as merely finding our proper place in the great scheme of creation.

CHAPTER VI.

THE ARTERIES AND NERVES OF SOCIETY.

The question concerning the disposition of the avenues of communication and exchange, which largely occupies the attention of the public at present, I have not directly treated of in the distribution of wealth; but their values except what they receive from the labor required to construct and equip them are a form of land values, therefore they are not excluded from the factors to production. Telegraphs, telephones, rail and water ways, etc., are the ways and means through which the component elements of the social body are nourished and their wants supplied. They are to the social body as the nerves and arteries are to the human body.

They connect or bring closer together one location with another. By so doing, they increase the value of the locations so connected; and as the charges for their use are increased or decreased, the values of the locations which they connect decrease or increase. Their values, in excess of the cost of construction and equipment, are only appurtenances to land values, just as a highway is an appurtenance to the land to which it is a means of access. And this value arises just as do the values of land, it is the capitalization of the annual earnings.

They are, in fact, identical with land values, but their nature being non-competitive, and sound economy, make impossible the satisfactory dealing with them in the way we can with the land values. By taking in taxation the full annual earnings of this value, commonly called franchise value, we could, with the single tax which would operate to reduce interest, take all the earnings of such property except what would compensate for labor and capital expended in operation and maintenance. While such taxation, which is at present the proper treatment of the question, would not increase the cost of service, as such is maintained at about that point which will yield the greatest net earnings in spite of all attempts at government regulation, it is no solution of this question. Any charges for the use of these public necessities in excess of the cost of the service, places that service at

a premium with all other services, and would operate as a discouragement to their use. Thus, for instance, if the use of a railroad would save one two dollars, and the cost of such service, from either monopoly or taxation, were two and one-half dollars it would be unprofitable to use the railroad and the wealth of the community would be lessened to the extent of two dollars, or more energy must be expended; but if the service were only one and one-half dollars there would be a gain of one-half dollar in that exchange of services.

All such property properly belongs, as do all land values, to society as a whole. That they do is in perfect accord with first perceptions, and if we only free ourselves from the popular conceptions of the exclusive ownership of land, we can easily see this. The only consideration as to the disposition of these public necessities is that of the highest and best use for society under the conditions existing at any time. Nor can this be in conflict with the best interests of each. When, with the adoption of the single tax, we virtually assert the public ownership of land, it will follow as a natural sequence that we will also assume complete control of these nerves and arteries through which the wants of the members of society are supplied and their strength and vigor sustained, because this will be necessary to the highest development of social life. When the great and widespread privilege of land monopoly is destroyed, the lesser privileges will not be tolerated. And the complete control of the avenues of communication and exchange carries with it the life or death to association, which is too great a power to be thought of being left in the hands of a few.

While all avenues of communication and exchange are in their nature monopolies pure and simple, their effects cannot be reached except through the control of that monopoly of which they are only adjuncts. For governments to own and operate them while land values are appropriated by individuals would not only not tend to solve the industrial problem, but would actually add new complications. By decreasing the cost of the use of these social necessities, we would but increase the portion of products that could be demanded for rent, i. e., raise the value of land; and we would in no way tend to raise the level of production at which the equation between supply and demand could be maintained. We would only add new duties to governments that have grown weak, because their nutriment is received by taxing the processes by which the strength and vigor of their component parts are nourished, and the complicated and onerous duties

that are evolved from this. And it is generally conceded that Republican forms are weaker in this respect than are monarchical, which is, to me, proof of their superiority; just as the greater susceptibility to disorders of the human body testifies to its superiority over the mere animal. That sensitiveness increases and adaptableness decreases as the scale of existence rises, is not less true of social than physical life. A despotic government readily adapts itself to what would shatter a Republican form.

The logical, and perhaps the only way in which this problem can be treated while land values are appropriated by individuals, is through the power of taxation. If this is exercised far enough it will tend to eliminate the monopoly or franchise value and make the transfer to the government more equitable and just. As to whether they should then be operated as well as controlled by the government is a question that may well be studied; but, at any rate, their operation by the government should be only as a last resort; I am inclined to believe that if the government owned the ways exclusively and established one rate for all, about the cost of service on the least valuable parts, letting the service at certain intervals through free and open bidding to individuals or corporations, we would secure the most economical and best service. And in the same way could the building of new lines be made to conform to sound economy. If the monopoly of service at legal rates were insured for a term of year when the cost of construction should be repaid, new lines would be built as soon as the demand for them would warrant the expenditure.

I am well aware that the question of public ownership of railway, telegraph and telephone lines, means of public lighting, heating, etc., is far more advanced than that of equal rights to natural opportunities—land. But this is the course reason invariably takes. Central truths are apprehended only through derivative ones. We reach the ultimate cause through the intermediate causes; and the differences of political economists are due to their not pushing their inquiry to the ultimate cause of social phenomena. That these intermediate causes should each attract considerable attention and arouse considerable effort toward removing them, need excite no surprise; for if we only observe facts of history, we will see that it has ever been so. Questions of public policy have been settled time after time only to present themselves again in more complicated form, or be pressed aside by other questions. And any settlement of a question that arises from a derivative or intermediate cause can have no satisfactory re-

sult while the deeper cause remains; but, when the final or ultimate cause is removed, the difficulty of solving those secondary questions, which seem so perplexing when viewed independently, will entirely disappear.

CONCLUSION.

Thought is the first faculty of man; to express it is one of his first desires; to spread it, his dearest privilege.—Abbe Raynal.

However much we may elevate ourselves in mind to view the phenomena of social life, or however lightly we may think of social life, we cannot extinguish the thought of individual welfare. The dominant inherent self-interest with which we are endowed will tolerate no suppression of regard for self. It is impossible to reconcile the idea that one can be only at the expense of the other, with the belief in the unity and harmony of things; yet in current thought and speech we meet it everywhere.

We use the term sacrifice in a way that indicates the veriest baseness of thought—to sacrifice individual welfare for the public good. This is not usually meant literally, but is often taken so, and many believe that only at great and voluntary individual sacrifice can society be lifted, or, even, saved from falling. Sacrifice! Is it sacrifice to attempt to satisfy those nobler desires, to lift the lowly, to strangle greed and combat wrong while there are yet the possibilities of more lowly satisfactions? Was it sacrifice that caused all the advancement that has resulted in our present state? Was it sacrifice that systematized language, discovered and explained the laws and forces of nature, enslaved steam and called the lightning to the service of man? Was all this sacrifice? If so, is not all effort sacrifice? All this was done from the same motives that would impel one to cross a room to get a drink of water—to satisfy a desire. They were not sacrifices, but services. The efforts of sages and philosophers were not only no less gratifying in their results than that of the sensualist, but infinitely more so. The satisfaction of having done something uncommon and which will earn the lasting gratitude of mankind is an infinitely deep and fuller satisfaction than that which is but momentarily felt and affects only the subject of the desire. Great satisfactions require great effort, and though at times the results may seem doubtful, this is why they are so rare.

In this work there might be what would suggest to the casual reader something akin to fatalism, something that the careless observer might take as excusing indolence on the ground that social progress goes on regardless of individual effort; but there is in the preceding pages anything but that. Progress is dependent on human will, but the human will is only an instrument. It is impelled to action by the conditions, and these are ever growing in force. It is impressed into service under the penalty of suffering, which is, perhaps, but another way of saying that it moves in obedience to desires.

The individual life, proper, is not merely the form that becomes animated for a time and is endowed with desires necessary to the continuance of its kind; but that indescribable something which our senses cannot perceive, and which evidences its existence by desires that know no bounds, the satisfactions of which, infinite in quantity, have no material existence, but, like the thing itself, is mental or spiritual. This thing, the mind of man, grows and develops to the end of material existence if nourished and exercised, just as the physical powers grow and develop during a certain period if properly nourished and exercised. And in this world of wonders just becoming known, in which each new discovery only multiplies the possibility of other discoveries, in which each new satisfaction gives rise to other desires, in which questions not of power, but of ways are presenting themselves and pressing irresistibly for solution, there is not only no lack of opportunity to exercise and, therefore, develop the mind, but the forces that actually compel it are rapidly multiplying.

When we perceive what individual life really is, a load of darkness is lifted and the light breaks in upon the relations of individual and social life. In the complex questions that are presenting themselves with increasing force, there is not only a great and noble work to be done, but in their solution, a deep, grand and sublime gratification is offered—a satisfaction that must surely surpass the average mortal's power of conception.

We are apt to grumble at the lot which has befallen us, at the hardships we must endure, the trials and perplexities of life we must meet; we incline to ease and would avoid effort, but in the one there is extinction, oblivion, in the other there is reward, the natural effect of the effort. Of the heaven of rest there is reason to doubt. Rest! It is inconceivable except as associated with effort. Not rest, but relief we seek—relief from the pressure of desires that know not sat-

isfaction, which can be accomplished only by the birth of those other desires that transcend them, and which even now may be seen to glow in their noble splendor.

But of a place of torment! Look around today! at the vain pursuit of satisfactions that only multiply as they are satisfied, and taunt to increased efforts those who pursue them as an end. It is not a place but a state or condition of mind, the result of misguided and fruitless efforts in various directions. The taunting and tantalizing thought of opportunities lost, of energies wasted, of truths unlearned, which, perhaps, could only be learned at a certain stage of growth. And while imprisoned in this form of clay, who can say that our course for eternity may not be shaped?

The hardships of today are those of mind. The need of great physical endurance is past. The troubles and anxieties that beset mankind are, if we but realize it, great possible blessings, a means of elevation to increased powers and wider spheres; but if we avoid or ignore them they only crush us by their weight. The more that social life suffers from neglect, the greater is the opportunity for those who will seek the cause and lay it before their fellow-man. Nature demands no impossibilities. To reform the world is a task so stupendous that the mind of man can hardly conceive of its possibility. Man's efforts are, indeed, trifling; but think of the balancing forces of good and evil, of truth and error, of justice and injustice—the former called out by the latter. The forces for advancement developed in defending against the forces that threaten dissolution—great powers developed but neutralized. These latter forces, evolved by conditions that forbid normal and healthy development, would cease to be were the conditions favorably altered; and the former would be turned to advancement. The truth that nature impressed upon some will, also, be impressed upon others. The conditions are ever becoming more favorable to its recognition—aye!—compelling its acceptance.

The truth that I have cleared to my own mind, and, in this work, tried to show unto others, has been a source of deep gratification; doubts have been cleared away and fears dispelled, hopes have arisen and a faith confirmed. How pleasing to know that through all the turmoil and conflict of human progress the course has ever been upward, that even the basest passions have been utilized, that service for right is not merely the effect of oversensitiveness, but is called out by the presence of wrong, and how, in the persistence and growth of wrong, in spite of man's efforts to restrain it by

direct force, there is cause for not fear, but hope. How gratifying to feel that the much feared destructive forces evolved by human greed, have grown to be so terrible as to make those who would use them fear them most; that in their great danger is, after all, their real safety. And to behold the thoroughness of nature's work. The foundation must be laid before the superstructure is raised. The material wants must be provided for before the awakening of that higher existence. The powers and forces grasped, but in such a way that their full benefits are withheld and cannot be realized except by bestowing upon all their common inheritance, for the power that comes from thought, like thought itself, is multiplied by being divided. How encouraging to know that every effort for right is a positive force for advancement, and, though it may never be recorded in the pages of history, leaves an ineffaceable mark on our real being and cannot be lost in its effect on society; that effort is the very essence of life, and that to cease in effort is but to decline in power or waste our energies, the secret of all the seemingly wasted lives, the essence of the "Thou shalt not's," of the Ten Commandments, for the violation of these is only the natural sequence of ungoverned efforts. Human energies must have vent, and if not directed for good either by the conditions or consciously, they will naturally be expended fruitlessly or injuriously.

The truth which this work but poorly shows, is the central truth of all discoveries. It is the heart and core of social science, that science which is the complement of all other sciences, for only through it can their fruits be reached; and, on account of its direct interest and simplicity, it is the science for all mankind. This truth is, after all, only the truth that all men in all times have in some manner perceived, but which words have failed to express. To the realization of it prophecy and revelations have always pointed—the ultimate reign of peace, harmony and good will—and which only in comparatively late days has ever been clouded.

It is a notable fact that skepticism in this respect is of comparatively recent origin. But this is not strange nor should it excite wonder. When nature bestows a higher quality, she partly withdraws the lower in order that the other may develop. The weak physical powers of man compelled him to exercise that higher intelligence with which he is endowed. As this power develops, the power of endurance wanes. As consciousness wakens and reason begins to grow, the simple faith weakens. The doubts and sneers at ancient prophecies and revelations are of minds thrown upon their

own resources and hesitating to use them. The prophetic power of man has faded from the earth, and in its stead is developing a vastly superior power, a power of which that was only the reflection. The sunlight of reason is breaking over the world, and the moonlight of prophecy, the luminary of the night of social evolution, makes no shadow.

JOHN J. DAILY.

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